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ACT FOR BETTER CHILD CARE SERVICES OF 1987

HEARINGS

BEFORE THE

SUBCOMMITTEE ON

CHILDREN, FAMILY, DRUGS AND ALCOHOLISM

OF THE

COMMITTEE ON

LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

S. 1885

TO PROVIDE FOR A FEDERAL PROGRAM FOR THE IMPROVEMENT OF CHILD CARE, AND FOR OTHER PURPOSES

MARCH 15 AND JUNE 28, 1988

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ACT FOR BETTER CHILD CARE SERVICES OF 1987

TUESDAY, MARCH 15, 1988

U.S. Senate,
Subcommittee on Children, Family,
Drugs and Alcoholism,
Committee on Labor and Human Resources,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:40 a.m., in room SD-430, Dirksen Senate Office Building, Senator Christopher J. Dodd (chairman of the subcommittee) presiding.

Present: Senators Dodd, Kennedy, Hatch, Mikulski, and Harkin.

OPENING STATEMENT OF SENATOR DODD

Senator Dodd. The Subcommittee on Children, Family, Drugs and Alcoholism will come to order.

I am delighted to call to order this morning the first hearing on S. 1885, the Act for Better Child Care Services. I was pleased to introduce this legislation on November 19 of this year, with my colleague from Rhode Island who is sitting here to my right, Senator Chafee. We have been joined in this effort by several distinguished members of this committee including the chairman, who is here with us this morning, Senator Kennedy; Senators Mikulski, Pell, Harkin, Simon, Matsunaga, Adams, and Weicker. Others who are not members of this committee but who have taken the lead in cosponsoring include Senators Cranston, Hollings, Moynihan, DeConcini, Reid, Bingaman, Riegle, and many others. There are now 37 Senate cosponsors of this legislation; over one-third of the U.S. Senate has sponsored this bill.

Child care was the very first issue addressed by Senator Arlen Specter of Pennsylvania and I when we set up the Senate Children's Caucus almost 5 years ago. That first Caucus hearing focused on the risks of accidental injury, abuse, alienation and poor school performance, facing an estimated 5 to 15 million latchkey children in this country.

When speaking to groups about this issue back then, I often had to preface my remarks by explaining what a latchkey child was. Today the problem has reached such dimensions that I no longer have to offer definitions. Everyone knows instantly what I am referring to.

Neither do I have to spend much time convincing people that there are millions of preschool-age children with working parents who need child care services. The statistics speak for themselves.

Today every other mother with an infant under the age of one works outside of her home. Here in our Nation's Capitol, for example, over 76 percent of all women in their primary childbearing age now work outside of their homes. And by 1995, the number of women of childbearing age in the work force nationwide will jump to 80 percent.

When we look at the growth of two-earner families with children under the age of 18 in this country, we see the same trend. In 1977, half of all married couples with children under the age of 18 had both partners in the work force. By 1987, that number had jumped to two-thirds.

The reasons for this are rather simple. Women and men are in the work force out of economic necessity. Two out of every three women working outside of the home today are either the sole providers for their children or have husbands who earn less than $15,000 a year. Over the past decade, the number of single mothers providing the sole support for their children jumped 40 percent, and the number of single fathers providing such sole support jumped 102 percent.

It is clear that child care is no longer a luxury for American families—it has become a bottom line necessity. Policymakers from all points on the political spectrum now argue that we can no longer ignore the changing demographics of our work force and its effects on children and families.

So we are no longer debating whether to act on the critical issue of child care but rather how to act and how much to spend. In this respect, I would like to commend my distinguished colleague from Utah, Senator Hatch, who has contributed greatly to this debate and who has offered his own on child care.

In this ever-competitive global economy, it is sobering to note that we are the only industrialized nation without a national policy on child care. Once again, we lag behind our chief economic competitors in terms of child care policies and programs that could increase our productivity, decrease turnover and absenteeism and improve morale substantially.

By even the most conservative estimates, one out of every three workers in this country currently has a significant problem with child care, whether that be finding it, paying for it, or remaining confident about the quality of that care.

The bill that we are reviewing today, the Act for Better Child Care Services, addresses these three major aspects of the child care crisis—namely, the availability, affordability, and quality of care.

Some critics allege that there is only a shortage of funds to pay for child care, not a shortage of child care programs in this country. Let me state resoundingly for the record that that is just not so.

In my home State of Connecticut, for example, one out of every three communities has no after school care program whatsoever. Likewise in New York City, there are only 5,000 spaces in all the licensed private and public child care programs for children under the age of 2. That means that at least 9 out of 10 infants and toddlers cannot get care that meets minimum standards.

Given the continued rise in the number of children with working parents, the picture in 1988 looks even worse. Four years ago in my

State of Connecticut, less than one-third of the children needing day care could be accommodated in licensed centers or family day care homes. Today that number has slipped down to licensed places for only one in every four children.

The statistics on affordable care are no better. The average weekly cost for family day care goes from $115 in the city of Boston to $60 in Dallas, $75 in Denver. Across the country, the cost of child care in centers can be even higher. Averaging it all out, the cost of full-time child care for just one child in this country on the average is $3,000 a year. In my home State of Connecticut, that number is $4,000 a year.

When looking at these cost figures, we have to keep in mind the average income of American mothers and fathers. In 1983, the average earnings of a female worker was $12,758 a year. On that income, a mother would have to pay one-quarter of her income for one child's care. Should she need care for two children, it would cost her half her wages. And in Connecticut, a single parent in a minimum wage job could not earn enough in a year's time to cover the cost of care for two children.

Last but not least, we get to the issue of quality. In some States in this country, one adult in a family day care setting can be licensed to care for eight infants. Yet, as we have tragically seen too many times, one adult cannot rescue eight children from a burning building. In addition to assisting States to improve health and safety standards and their enforcement, there is a pressing need to help programs attract and retain trained staff.

Yet the incredibly low salaries of the vast majority of women who are child care workers make the turnover in this profession one of the highest in the country. Seventy-five percent of all child care workers, including those who work in centers, earn less than the minimum wage. That makes child care the second lowest-paid profession in this country.

As this subcommittee highlighted in an oversight hearing last June, we have managed to put several small child care initiatives into place over the past several years. Yet the problem has reached such alarming proportions that we can no longer afford to offer piecemeal solutions.

This morning, we will hear from parents, State and local policymakers, and professionals about the role that each must play in establishing a comprehensive approach to the problems of availability, affordability, and quality.

We will also hear from representatives of the business community about the role that they seem themselves playing with respect to child care. As much as those of us facing the tough decisions posed by the Federal deficit might like to see the role of the business community significantly increased in this area, it should not be overestimated. Eighty percent of the firms in this country are small businesses with fewer than 15 employees, making on-site child care an impossibility for most.

Larger firms may see their ability to contribute to child care programs seriously hampered by a lack of minimum standards and the patchwork nature of the system now in place.

We therefore look forward to hearing from businesses of all sizes about ways to work in partnership with parents, professionals, and government at all levels to build a coherent system and strengthen child care options for all.

In closing, there are some who will look at the $2.5 billion price tag on this bill and question the ability of this Nation to pay for it. I would just like to remind my colleagues and those gathered here this morning that we are already paying dearly for the absence of any coherent child care system in this country. For example, we pay some $10 billion a year on the Aid for Dependent Children Program. Yet two out of every three welfare recipients give trouble with finding and keeping child care as the number one problem they face in joining the work force.

The time to act on child care, to assist the future work force of this Nation—our Nation's children—is now.

Before I turn to our first panel of witnesses, let me turn to my Ranking Member, Senator Hatch, for any opening comments, and then to my colleagues, Senator Kennedy and Senator Chafee, for any comments they may have to begin this hearing.

OPENING STATEMENT OF SENATOR HATCH

Senator HATCH. Thank you, Senator Dodd.

I am happy to be at this hearing, and I want to congratulate you and compliment you for being willing to do something about this pressing need in our country today. I appreciate your leadership in this matter, and although we do have some differences on how to proceed, I still think that what you are doing deserves a great deal of compliment and a great deal of appreciation from people all over.

Now, this is a serious problem, and I think that conservatives as well as liberals ought to join together to solve this problem. I don't think this is a Democrat problem or a Republican problem; this is a bipartisan problem of families that we really have to solve.

In my home State of Utah, we have a need for 100,000 licensed child care slots. We only have 18,000. We know that many of the other 82,000 children are being cared for one way or the other, but the fact is some of them are not. We don't know how many of them are not.

We know that about 55 percent of all women in this country work. In Utah, it is 59 percent. As a matter of fact, 44 percent of our total work force in this country happens to be women. By the year 2000, it will rise to 50, maybe as high as 60 percent, because of the diminishing worker pool in this country. And if that is so, this is going to put a lot more pressure on the need for child care than we have right now.

As a matter of fact, two-thirds of all women who work are either single heads-of-household or married to husbands who earn less than $20,000 a year. So they have to work. It isn't a question that they want to work or that they are trying to escape the home or their responsibilities as father or mother—but they have to work.

The fact of the matter is that we find millions of children, 5 to 15 million latchkey children in this country, going without adult supervision, and only God knows how many children between the ages of 1 and 5. So it is a big problem, and it is one that we need to solve.

I don't think you can solve it by just throwing money at it from the top. And I do think that it is going to be very difficult in today's huge budget crisis to spend $13 billion or thereabouts over the next 4 years on a child care program that just basically subsidizes the existing child care slots and probably will result in driving up the price of those slots.

I think what we have got to do is we have got to come up with a unique way of increasing child care slots while hopefully providing better wages for those who do work in the industry so that they will stay, allow more State and regional considerations concerning their individual needs—for instance, Utah is considerably different from Massachusetts or Connecticut, and I might say they are considerably different from Utah.

The point is that there are different needs that can be accommodated with a lot happier outcome than if we try to dictate to the Federal Government just exactly what has to be done with regard to families and children.

Until we solve the liability problem, there is absolutely no way that you are going to have wholesale business support of child care. Today, of the 6 million businesses in this country, it is estimated that maybe as many as 10,000—but really, probably 3,000 or 4,000—actually participate in some form or other in providing or helping to provide child care services. That is a pathetic number. But until we solve the liability crisis and the liability problem, I think that number is basically going to continue, because it is one of the greatest disincentives to trying to put on-site child care centers that you could possibly have.

I think home child care should be encouraged. It is a proven fact that the vast majority of parents in this country with children under the age of 5, with infants, if you will, would prefer the home care setting. And there is no reason why we can't have qualified, accredited home care providers that do a good job.

In the ABC bill, it seems to me you discourage religious institutions from participating. I'm not so sure that we have a church-state problem when it comes to this issue. Some of the best facilities in the country today are carpeted rooms in religious institutions and facilities, and they ought to be used, if they can be, for child care. And some of the best child care that could possibly be given would be given by caring people belonging to religious institutions all over this country, regardless of what particular denomination they may be, and we should try to enlist those people.

I also believe that we have to try to avoid a bifurcated system where we have child care for the poor and child care for the rich. I think the poor ought to have the same access to any aspect of child care that the rich do, or the so-called middle-income people or the middle-income to rich people, sometimes called the yuppies. I think all needy families ought to have access to child care, and I think there is a way of doing it so that the poor are accommodated and helped much more than the rich.

Nevertheless, all children are important in my eyes. I also think we need a series of incentives. In addition to solving the liability problem, it seems to me we need a series of incentives in order to encourage more businesses, profit and nonprofit businesses, to get involved in child care. If we can do that, I think we can create millions of additional child care slots.

This bill may solve the problems for about one-twelfth of the poor families in this country, and that is a pretty pathetic effort if it doesn't create enough additional child care slots to really solve the problem.

I really believe that working together, this committee—and I have to say this, that Senators Dodd and Kennedy have expressed a great willingness to work to try and achieve a bipartisan, acceptable, yet workable, licensed child care slot creating bill before the end of this year. This is an election year. This is an important year, because I think it is one of the few years where you really could pass a major piece of child care legislation.

I think to do that, you are going to have to have it be bipartisan, and it is going to have to include the full spectrum from liberals to conservatives. And I think we have got to work together in good faith to do it. I am willing to do that. I intend to do that. I know my colleagues on this committee have expressed their intentions to do so, and Mr. Chairman, I again want to tell you I am impressed with the efforts that you are making.

I want to thank Senator Chafee for being willing to lend his name to this bill and to this being discussed today and for being willing to do something about child care. I feel very deeply about this problem, and I am no newcomer to this issue nor am I a newcomer to family issues, because we have passed a lot of legislation that is known as Hatch legislation that has helped families all over this country.

But this issue, it seems to me, is an issue that should be solved at this time, and I am going to do everything I possibly can, making it my number one legislative priority, to try and get it done this year if we can. And if we can, I think we will do a great deal of good for our country and above all for families everywhere in this country who have needs that really have to be met. I hope we can, and I just want to compliment everyone on this committee, especially you three over there, for the efforts and the work that you are doing.

Senator DODD. Thank you very much, Senator Hatch.

Senator Kennedy.

OPENING STATEMENT OF SENATOR KENNEDY

Senator KENNEDY. Thank you, Mr. Chairman.

I just want to take a moment first of all to commend you for your leadership in bringing us to this hearing today to express, as the chairman of the Labor and Human Resources Committee, appreciation for the ground work that has been put into this bill. I know it is the result of a good many hearings that have been held across the country over this past year and the good work and communication of a number of different organizations and your own longstanding commitment in this area, and I want to just say how much I appreciate the opportunity to be a cosponsor, to commend Senator Chafee as well for the work and the initiatives he has provided.

I think you have laid out the cause very well, Mr. Chairman. I just want to underline, really, one point. As the chairman of the Labor and Human Resources Committee, I believe the success of this bill is really basic to everything else we are doing in the area of our domestic agenda. We spend hours in this committee room on job training programs, and we have spent about $1 billion this year on job training programs. But if you are not going to be able to provide for the children of these workers, that program is not going to work.

We are going to have hours of hearings here on minimum wage programs, but even if we are able to get a minimum wage which is a liveable wage, if you are not going to be able to provide child programs, that effort is not going to have the impact and the significance in terms of reaching out to that family and offering a sense of hope and a decent life.

We have spent hours here trying to mark up a decent health care program. We have got it out on the Senate agenda. But once again, if we are not going to be able to get people into the jobs, into being able to provide for their children, that program is not going to have the value that it otherwise could have.

On each of the various pieces of legislation that this committee is concerned about and we spend hours on, really, the main piece of legislation in all of this is a program that is going to provide a safe and effective kind of child program that I know you are strongly committed to and that we are all strongly committed to.

So this is an extremely important and significant issue. I am very hopeful we are going to be able to address it in a meaningful way in this Congress. I think all of us understand that it is utmost in the minds of the American people all across our Nation, not only in urban areas but in rural communities as well, and I commend the leadership that you and Senator Chafee are providing, and I welcome all of our witnesses here today.

We have a very interesting program in my own State, the Hill, Holliday program. I know that Martha Eshoo is going to be here. The former witness, Margaret Fitzgerald, is in the process of giving birth this morning, I understand——

Senator Dodd. So she has an interest in this legislation.

Senator Kennedy. But I am sure Martha Eshoo will do a good job, and I welcome her and appreciate her taking the time to be with us today.

Thank you, Mr. Chairman.

Senator Dodd. Thank you, Mr. Chairman, very much for your statement and for being here.

Senator Chafee, as I mentioned earlier, has joined me as principal cosponsor of this legislation. I want to thank him for that leadership. We are delighted to have you here with us this morning and welcome your opening remarks.

OPENING STATEMENT OF SENATOR CHAFEE

Senator Chafee. Thank you very much, Senator Dodd. First of all, I want to commend you for the leadership that you have given to this. I am delighted to be on this bill with you. We introduced it in November, and I must say we have been enormously pleased by the support that it has received all across the country. And I am excited about the prospects for this bill. Many people say $2.5 billion in this atmosphere of economic difficulties as far as the Federal government goes, we cannot get far, but I don't think that is necessarily so.

I also want to pay tribute to Senator Hatch for the long-time interest and concern he has had in this area, and of course, Senator Kennedy, who has been active in this field for so many years.

Today we are going to hear from a wide range of witnesses, policymakers, parents, businesspeople, child development experts. I think this demonstrates that child care is no longer just a personal problem for a series of individuals across the Nation, but it is a national dilemma that must be addressed by families, local communities, businesses, States, and the Federal Government. And this bill, called the ABC Bill, will provide the delivery system by which all of the groups can participate in ensuring safety, health and development of our children and in addition, there is a side benefit to this that I don't think we ought to overlook, and that is the productivity and future competitiveness of this Nation of ours.

Today in America, day care is hard to find; it is difficult to afford; and often, it is poor in quality. And what happens when an infant or child needs day care and there is none available? In some instances, parents leave their children in situations that the parents realize are far from satisfactory—either the child is alone, or with other children far too young to be responsible.

Finding child care is one-third of the battle. Another problem is paying for it. Child care is costly. Just listen to these statistics, which you yourself mentioned, Mr. Chairman, but I would like to touch on them again.

The typical cost of full-time child care in this country is about $3,000 a year for one child in family day care, and $4,500 per year for an infant. Now, that is a lot of money for anyone.

I do not need to tell you that for a family with several children, the cost of child care is just, plain unmanageable. And even if an individual is lucky enough to find child care and can afford it, there is one more problem—that is, how does that individual know that it is good child care? And the answer is the person cannot tell.

So child care is not just a personal problem. With over 9 million preschoolers needing child care, with one-quarter of today's working mothers with dependent children raising their children alone, 40 percent of them with no child support, and with the parents of an estimated two-thirds of all preschool children expected to be in the work force by 1995—that is only 8 years away—this country's child care crisis has troubling implications for our next generation, and as I say, for the Nation's productivity and international competitiveness.

The critical shortage of child care in this country is creating massive human development deficits. We have experts here today who will tell us how important early childhood development is to the future productivity and well-being of that child. And we have learned through Head Start a lot about what good care for children means. We have estimated that for every dollar spent on Head Start, there is a return of $4.75 in social spending savings down the road.

Child care not only affects the future competitiveness of our country, but also the state of productivity right now.

A Fortune magazine study of 400 parents with children younger than 12 years old found that child care dissatisfaction was the most reliable predictor of absenteeism and unproductive work time. The Census Bureau itself found that in a 1-month period, 5 percent of working parents missed work due to child care problems. And those are extraordinary statistics.

One reason the private sector has not been able to address the child care needs in our country is there is no comprehensive delivery system for child care. We may wish businesses to contribute more, to pool their efforts, but we cannot expect them to build the entire system. The facilities, the training, the personnel, the materials, the resources, the standards—they need some help.

Just last week, in my home State of Rhode Island, I had the opportunity of participating in the opening of the first onsite child care center at an industrial park—the first one in our State. Think of all the industrial parks there are across our State and across the Nation. This was the first one.

Gilbane Properties opened the facility in an effort to attract and keep tenants by addressing the needs of their employees. The center can care for as many as 100 children on a daily basis. Gilbane will lease the space at a reduced rate to The Growing Child, Inc., which is the provider of day care there.

I applaud this initiative by Bob Gilbane, who is the head of Gilbane Properties. But we need hundreds more like him. You have mentioned the statistics in your State; in my State, we have 5,000 slots that are licensed or approved, and we have 30,000 children of working mothers who might be eligible—5,000 slots, 30,000 possible children.

So we have got to have a partnership, and I believe this partnership should start with the Act for Better Child Care. To increase the availability of child care, the Act will provide funds to encourage States and private businesses to broaden the number and variety of child care services. To ensure quality care, the Act will provide funding for training and technical assistance.

It is my belief that an investment in quality child care will benefit all members of our society.

So I look forward to these hearings, Mr. Chairman, Senator Dodd, and I compliment you again for what you have done in this area.

Senator Dodd. Thank you very much, Senator Chafee, for those opening comments.

Before introducing our first panel of witnesses, my colleague from Utah suggested that one of the failings of the ABC Bill is that it discourages family day care through the setting of standards. Quite the contrary—we are strong supporters of family day care. What we want to see, and what we encourage in the bill, is a set of minimum standards.

I think everyone in this room certainly will recall the tragedy that focused the attention of every media outlet in the country several months ago when little Jessica McClure fell down a well shaft. It was a gripping story and the headlines on it led the national news for three days. I wonder how many people know that that injury didn't occur in Jessica's own back yard. Rather it took place at a family day care home where you had one adult watching nine children.

What we are talking about in here is setting up minimum standards so that you avoid that kind of tragedy—not to discourage family day care, but in fact to enhance and support it. So contrary to the criticisms leveled against this legislation, we are trying to be very supportive of the family day care approach.

Senator CHAFEE. Also, Mr. Chairman, on the religious situation that Senator Hatch mentioned, that is a problem that we are attempting to deal with in this legislation.

Senator DODD. That's right.

Senator CHAFEE. And there is no attempt whatsoever to ban or make it more difficult for religious entities to care for children. And as Senator Hatch rightly pointed out, parish houses and places like that are ideally equipped for day care centers and are encouraged, and if there are any religious difficulties, we will address them and try to iron them out.

Senator DODD. You are absolutely right, and we will have a witness a little later this morning who represents some of the religious schools and religious institutions that support child care, and his testimony will indicate how significant a role these institutions play in child care. I would just inform the committee, before we even get to those witnesses, that there is an ongoing effort to resolve that issue. I would tell the Committee that within the next week or so we are going to try and resolve it. Some very good points have been raised by a wide range of organizations concerned about that aspect of the bill and it will be resolved to the satisfaction of all.

We want to hear that testimony, because I think it is important to bring that issue out this morning. But nonetheless, I would say to my colleagues, that issue is going to be resolved shortly.

I think we could have filled Congress this morning with potential witnesses for this bill. I want to explain first of all that for each person we will have up here testifying, we literally could have had 1,000. We did not have a struggle at all in finding witnesses on this issue.

And as I am sure you know already, but let me emphasize it again, these witnesses will represent literally hundreds of thousands of people in this country who face the problems of finding affordable, available, quality child care. And what we have tried to do is to bring before this subcommittee witnesses who are representative of those three basic problems Americans have in addressing and dealing with the child care issue.

Our first panel of witnesses represent parents and families who are presently confronted with the problem. They will speak from first-hand experience, and again, their stories could be told dozens of times over by other people across this country.

As I introduce you, I'd like you to come forward and take your place at the committee table.

Jimmy White is from Lexington, KY. Jimmy is the father of four children, one of whom is in school; the rest, I am told, are approaching school age. His wife is currently providing the sole support of the family, and he is looking for work that will pay enough to cover the cost of child care. He is also taking a literacy course at night to improve his skills. I understand he has even written a letter to the President about the problems of wanting to become a taxpayer.

Joy Majied—I hope I pronounced that last name correctly—from Washington, DC is a single parent working as a Special Assistant with the Washington Parent Group Fund. She has a son, 12, and a daughter, 10. Both need after-school care. Joy is going to describe her efforts to get care for them. Finding child care is also important. She has a son, I might add, with some learning disabilities, and she is an advocate on behalf of special needs children in her special time.

Debra and Michael Brooks of Gunnison, CO tragically lost their son Eric 1 year ago in a family day care setting. They have agreed to come and tell their story. And it is always important—and I hope our audience appreciates it—it takes a significant amount of courage for people to come forward in a public setting and describe family tragedies of this kind, but we are deeply grateful to you for being here. I see you have brought alone a third member of the family, and we are delighted that he or she could be here.

Fran Haynes, of New York, is the administrative assistant, New York City Police Department. She is the mother of a 3 year-old and a 6 year-old. She has had great difficulty finding child care that allows her to balance work and family life. We appreciate your being here, Fran.

Russ Young, of Baltimore, MD. He and his wife have two children, the youngest of whom has epilepsy. Russ works with the Social Security Administration; she works in a stock brokerage firm to support their family. Obviously, the need for child care is there, and they will tell us of the difficulty in finding child care.

Diane Adams is with Community Coordinated Child Care in Madison, WI. Diane is the executive director of this information and referral center in Madison. She has also served as a Bush Fellow in Child Development and Social Policy in North Carolina. She is going to tell us of her experience working with parents from all ends of the pay scale who are seeking child care and the work that the referral services is engaged in.

I am going to ask our witnesses to begin in the order that I have introduced you this morning.

Jimmy, we will begin with you.

And I will only say this once, for all witnesses. All your prepared statements will be included as part of the record. So I would appreciate it for the sake of time that wherever possible, you try and abbreviate your comments. We would certainly like all of your thoughts, but if we can get to the questions, sometimes that can be as helpful as your prepared statement.

So Jimmy, we will begin with you.

STATEMENTS OF JIMMY WHITE, LEXINGTON, KY; JOY MAJIED, WASHINGTON, DC; DEBRA AND MICHAEL BROOKS, GUNNISON, CO; FRAN HAYNES, NEW YORK, NY; RUSS YOUNG, BALTIMORE, MD; AND DIANE ADAMS, EXECUTIVE DIRECTOR, COMMUNITY COORDINATED CHILD CARE, MADISON, WI

Mr. WHITE. I am here today because I am at home—my little girl is 5 years old. I cannot afford to work because of the child care costing so much.

Some child care centers out there in Kentucky are high, which you all may well know. A lot of them are not well-equipped with stuff that they need. There is one there in particular that I will not mention that is overcrowded, and they make their kids just lie down on cots or beds, and they don't get up and play hardly very much.

But my main issue here is that I can get a job and go back to work and pay tax money. The tax money that I pay in will help run the economy of this Nation. I feel that if we don't get me and some people to pay in taxes to run the economy, it is going to drop, and it is just going to fall bottom-out.

Day care centers, I believe, will help us to get a job and get us back on the level where I am having to draw food stamps and stuff, that hopefully, we can get off from that. That would pay taxes that, in the area of going back to work, where I would go back to work, would take us off of food stamps, and that may help the economy of this Nation.

Senator DODD. Well, I have a copy that you generously provided to the subcommittee of the letter that you sent to President Reagan—a very respectful letter, I might add—in which you are extremely clear in reciting those problems. And with your permission, I am going to include your letter as part of the record.

Mr. WHITE. OK. Thank you.

[The letter referred to follows:]

Dear Mr. President,
I am writing to you about the problems we are having here in Kentucky. You might not think that we don't have any problems, but we do. I believe that you are aware of it.

The problem that I am referring to is people drawing welfare checks. That has children and cannot afford a baby sitter. We need a government funded day care center. So people that is drawing welfare can take their children to it so they can get a job and go to work and for low income families too.

The reason why I am concerned about this is because I have to stay home and baby sit my little girl. Because I cannot afford to take her to a day care center here in Kentucky. They charge $60.00 and $70.00 a week. That's why we need a government funded day care center.

I can get a job and work all week and make a $125.00 a week and by the time they take out taxes and social security, I should clear about $100.00 a week, If I took my little girl to a day care center and pay them $70.00 that would only leave me $30.00. I would still have to buy gas for my car about $15.00. That would only leave $15.00 to live on maybe, That is not even considering the electric, gas and water bills and rent!

So if we had a government funded day care center then the government could get people back to work.

Because the more people that takes their children to the day care center that works the more tax money would go into the government.

"Jimmy, you would argue that some of the money Congress might spend on child care would come back in TAXES

yours Turly:

Jimmy White
188 York. St Lexing Ky zip40508

Senator DODD. Joy Majied.

Ms. MAJIED. As a single parent who moved to the Washington, DC area back in October of 1982, my testimony is geared toward the importance of child care for parents who, like myself, have been able to have that provision through a before and after school care program that is run by the D.C. Department of Recreation here, but because of an increase in my salary, which was not substantial, and based on the guidelines that are set forth for participation in that program, was moved out of the program.

I just want to back up for a moment. I said I moved here from 1982. From October of 1982 to roughly February or March of 1983, I was unable to work because I did not have child care for my children, who at that time were 5 and 7 years old.

As was stated in your introduction my son, who was at that time 7, was learning-disabled and had a multitude of disabilities within that classification, so it was very important that I had care for him and affordable care.

After finding a job and not being able to work and then through some just tremendous pleas of the system itself for some assistance, I turned to the D.C. Department of Recreation and was able to find a center that was sensitive enough to his needs. He did not need an environment with other kids who were disabled. He had special needs, but he didn't need to be isolated, so it was real important that there were caring caretakers through that system to assist him.

After that, as I said, I moved along in my career, trying to re-establish myself and also trying to continue to provide child care for my daughter who, for all intents and purposes, is extremely bright. But after being successful in my endeavors in this great city, I was then moved out of the system.

Now, I can say that the positive part is that it is good in the sense that it provides care for other people who were coming along, as myself, who need the services. And I can say that the structure they were in, other than being a caring service, was also not a babysitting service. They provided assistance with homework; they provided arts and crafts and recreational opportunities for the children. And for my two children, it definitely set a pattern in their lives.

But as of August 1987, when my income reached a level beyond their guidelines, and I was moved out of that program, then it left my children without child care. And they are at this time on their own after school from 3:30 to 6.

So I come forth to give testimony in hope that the ABC Bill will provide more so training for children with special needs and for additional centers to be set up, but also funding to assist programs like recreation, but perhaps aren't based on a particular financial structure, because there is no way that I could even at this point afford to pay for child care services for both of my kids after school and be able to maintain their other necessities.

Senator DODD. Thank you very much.

Debra and Michael Brooks, we are particularly grateful to both of you for being here this morning.

Mrs. BROOKS. Thank you, Senator Dodd, for inviting us here today to tell you and the Committee our son's story.

First, this is Kevin, and he is 11½ months old. The irony is, he was born the day after what would have been Eric's second birthday.

We became painfully aware of the dangers of unregulated child care when Eric, when he was 11½ months old, on March 12, 1986, was murdered by his unlicensed home care provider.

Eric died a horrible death. Dorothy Mitera inflicted a 5½-inch-long skull fracture upon my defenseless son. What provoked this woman into committing such a violent crime? Eric was trying to crawl away from her while she was attempting to change his diaper. The fact that she is in prison is unique. Most of these crimes against children go unpunished.

You may wonder why I chose this woman to care for Eric. I did because she was not a stranger. I considered her to be a friend. After all, we worked together, each had a son near the same age, and Dorothy herself had quit working because she was unable to find reliable day care. I trusted her.

Eric was in her care only five days when he was killed. After his death, the question most often asked was: If she was your friend, why didn't she call and tell you she couldn't handle him?

Only Dorothy Mitera can answer that question. It is my opinion that she probably did not want to admit that she couldn't handle a baby.

It is my belief Eric might be alive today if Dorothy Mitera had been required to take a basic child care course and she would have known how to handle the stress that comes from caring for children.

The demand for quality day care has increased dramatically over the past 10 years. Education is the key to ensure quality. We must realize day care is big business and overcome the image of grandma caring for the children.

Eric's death was a senseless tragedy. However, if his story helps educate parents and the public about the hidden dangers of the present day care industry, then his life will have served a purpose.

The ABC bill is the first step our government can take in insuring the future of America's children.

Thank you.

Senator Dodd. Thank you very much.

Michael.

Mr. Brooks. Senator Dodd and Members of this Committee, my name is Michael R. Brooks. I am here today to speak to you in the first person about the serious dangers present in the current state of child care in America.

The tragic loss of my first child, Eric Michael Brooks, while in an "in-home" care situation, affected me greatly. It brought me face-to-face with the serious problems possible in a service industry with little to no regulation and a shocking lack of required training.

The incident made me painfully aware of my own lack of knowledge and understanding of the problems and issues of day care. I had no idea of one possible thing that could go wrong—basically, I trusted in a system which simply did not exist.

Additionally, I became aware of the limited training and knowledge possessed by most providers of day care.

As a citizen, I look to my government, whether State or Federal, to act on my behalf, to monitor and regulate industries and services that I as an individual cannot, to serve and protect myself and my children from unwarranted dangers.

I believe the Federal Government's role in this issue is clear. It can and must take the first significant steps toward addressing each of what I believe are the three key issues to child care.

One, it must educate and make the public as well as private sectors aware of the importance of the child care issue within our Nation and our communities.

Two, it must lead; it must take a leadership role in establishing a clear set of national goals and minimum policy requirements for all States to build upon.

Three, it must regulate and require training which would provide a basic starting point for certification, regulation and training requirements for the child care industry.

I believe that the Act for Better Child Care Services takes a significant step toward addressing these key concerns.

While I believe all three of these concerns are important and necessary, I cannot help but think that the true key to this issue is more than simply rules and regulations. Rather, it is the development of a professional attitude about child care and the necessary in-depth training of caregivers along with it.

In our own situation, if Dorothy Mitera had had a more professional attitude and key training in child first aid, child care stress/coping skills and other such "required" education, our presence here today might not have been necessary.

It is my hope that with the passage of the Act for Better Child Care Services, other parents might be spared the needless death and crippling injury of their children and our futures.

Thank you.

Senator Dodd. Thank you very much.

Fran.

Ms. Haynes. I would like to start with the statement that I am tired of being punished for being a mother. And for this reason, I have turned my anger to constructive advocating for national child care.

I will begin with letting you know that I would not have been able to acquire day care for either of my two children if I did not know someone who worked in the department, because the waiting list was long.

Once I was able to receive day care, I had a problem with time and still do, but I will take time to explain the latter, since it is worse.

Child care does not open up until 8 and closes at 6. When I first got child care, I was working 7:30 to 3:30, and I had to fight with my job to get 9 to 5 and weekends off, because there is no weekend day care. That was when I had one child.

Now, the problem is that my son has just started school in September, and I was still working 9 to 5. Home care still doesn't open up until 8 for my daughter. My son's school is at least 11 blocks away, so I would get him to school around 8:20 to 8:30 and run for the train or catch a cab.

I was always late to work, at least 10 minutes after 9. I explained the situation to my boss, but was told he understood, but there was nothing he could do. I was marked chronic late.

I then asked for my tour to be changed to 9:30 to 5:30, so I switched the stress from my job to the day care. I now asked the day care mother and the director of the after-school program to hold my children an hour later, and I pay them extra.

As far as after school, there is none. When I first got my son into school, I had to pay a private program $500 every three months, which was located in the school, to pick my son up from his class and keep him until I came home. At the same time I was looking for quality after-school, I found one at Goddard Riverside. This program is subsidized, and the director holds my son for me until I come home. Before I was called, I had broken down and cried, because they at first did not have any slots. It is like a rat race to get your child quality care.

The stress that I was under trying to find child care and affordable child care had almost made me think about quitting work and going on welfare. I also have to worry about school recesses and holidays. I have begun a child care committee on my job through the Women's Advisory committee, to help parents with child care problems. So I feel that if we don't pay now, we will pay later.

One last thing I would like all of us to remember is that we were all children at one time, and if we did not have quality child care in some form or another, we would not have turned out to be the quality adults we are today.

Thank you.

Senator DODD. Thank you very much, Fran.

Russ Young.

Mr. YOUNG. Thank you, Senator Dodd, for giving me this opportunity to testify.

My name is Russ Young. I live in Baltimore with my wife Tacye and our sons, David, who is 6 and Andy, who is 3½.

Andy had been in a family day care setting since he was a few months old. When he was a year and a half, we found out he had epilepsy. He has complex partial seizures, which means that when he has a seizure episode, he typically becomes disoriented and then loses consciousness for a short period—maybe three or four minutes. Except for these occasional seizures, maybe two or three a week at the most, Andy functioned normally—he was and is a very bright and personable child.

We gave Andy's day care provider training in how to handle his seizures—basically, the procedures are very simple. All she had to do was turn him on his side, put a pillow under his head, let the seizure run its course and then let him rest when it was over. We emphasized that we did not want him to receive special treatment. We know that overprotection can become a real problem for children with epilepsy.

We felt that we were fortunate because this particular day care provider had a sister with epilepsy, so she was familiar with the condition, and she said that she was not afraid of seizures. However, a year later, Andy's seizures started getting worse. He had two or three at the provider's house, each of which lasted about 3 minutes.

The day care provider told us she was getting pressure from parents of some of the children because their kids were afraid of his seizures. She also told us that she felt, despite our assurances, that she had to give Andy extra care. She decided she had no choice but to stop caring for him.

My wife and I then started what was to become an exhaustive search for day care. We called many day care providers in the Baltimore area, both family providers and day care center. Most of the providers we called refused to consider taking Andy as soon as they heard the word epilepsy. The few providers who were sympathetic to his condition told us they simply had no room in their programs.

We felt that we had three alternatives. One of us could quit our job and stay at home—but that would have meant losing our house. Or, we could have hired live-in help, a nanny, but that was really cost-prohibitive. Or, we could have tried to provide some kind of in-home nursing care for Andy. But we felt that that was the worst option of all, because we did not want our child to think that he was severely handicapped. What Andy really needed was quality day care, not nursing care.

Finally, we found a woman to come to our house on a daily basis to take care of Andy. Fortunately, she understands epilepsy because she too has a sister who has the condition. This has worked out for us, but it is very expensive. It is 2½ times more than the cost of the family provider. Also, Andy does not have the benefit of constant interaction with other children. Ironically, he has not had a seizure since last November.

I think our story illustrates in a particular way the great need for the ABC bill—there is a terrible dearth of adequate day care options for America's children. But there is a special way in which that stark reality impacts on children with disabilities. With extensive waiting lists, providers are very selective about the children who receive their services, and children with disabilities are the first and most easily excluded.

Furthermore, with such scarce resources for providing day care services, even those providers who may be willing to admit children with disabilities have not had access to the training and support needed to assure real integration and adequate services for these children.

I believe training is at the heart of the issue of available day care for America's disabled children. And as my testimony indicates, it is ignorance about disability that truly handicaps our children's access to appropriate services.

What is the result of not having integrated and appropriate day care options for children with disabilities? If we fail to provide quality day care for these children, we lose 15 years of gains disabled children have made in integrating in education and all other aspects of our society.

Congress has continually reaffirmed the policy that children with disabilities should be given opportunities to live at home with their families, to be educated with their non-handicapped peers in the appropriate least restrictive environment, and to interact in their communities so they can become independent and productive adults. You are taking another step toward insuring these opportunities.

The Act for Better Child Care Services will have a great impact on achieving our goal of total integration of children with disabilities in American life.

Thank you, Senator Dodd, for your contribution to our children's future.

Senator DODD. Thank you very much, Mr. Young.

Diane Adams.

Ms. ADAMS. Thank you very much for this opportunity.

A child care resource and referral agency hears parents' stories like this daily. The competent and caring staff at CCCC at Madison have talked to about 4,000 parents in the last year, each of whom are looking for child care in their own unique and special ways. We offer training and consultation and resources such as the Child Care Food Program to providers in our community that help sustain and support a fairly effective child care system. Yet we, too, are frustrated by what is an inadequate system for child care.

My comments today emerge from a real amount of humility, a very large amount, because the parents on this panel are just a few of the millions of parents in the Nation who face this incredible struggle to find good child care. Child care, as we have often said, is not a perfect market; it is not something that you can assume someone will fill the void and offer the service, and people then can buy it.

It is evidenced in our community by the fact that we had 1,600 infants who needed child care last year, and we have only places for about one-quarter of them.

I would just like to make two points. One is having to do with the parents. Parents are not merely the passive players in this child care search game. They often have no choice. They use informal methods like Yellow Pages and want ads to find child care; if they are lucky, and there is a child care resource and referral agency in their community, they may call them. But even if they do, both kinds of parents using informal and formal methods may come up short because the care is not there.

They often ignore their instincts when something about the potential child care situation does not seem right; or, they are unable or unaware that they can complain to licensing, to a 4-C organization. They are unaware of the actual dollars it takes when they begin that search. They are beginning to know it because of testimony like you have heard today.

But no matter how carefully they approach the task, they may come up very, very short. The crescendo of parents' voices asking for a Federal stance on child care should come as no surprise. It is no longer a question of low-income women primarily needing child care, but the entire range of income groups.

We have heard from corporate leaders who call for a national policy so they can attract productive workers who experience a minimum of stress due to day care problems. Employed parents suffer when they are uneasy about the health and safety of their children; unemployed parents and the new group of parents being asked to leave welfare and become productive citizens and leave so-called welfare dependency for low-paying jobs face not finding child care they can afford.

You have heard today about the complex needs of families and that they need multiple options. It is my observation after a number of years of working in a resource and referral agency that parents are becoming better consumers. They don't ask any more merely the cost and location questions they used to, but the deeper questions about provider training, references, open door policies and quality. They are, however, stymied by the nonsystem of child care, the haphazard, chaotic disarray of child care services in our Nation, and that leads me to the second point about the infrastructure problems addressed by the ABC bill.

The legislation is unique for these reasons. First of all, it came out of a consensus of a number of groups about what would make good child care sense.

Second, it preserves what we have and improves what needs improvement; and thirdly, it addresses systemic problems.

There is simply not enough high-quality, affordable child care. When you listen to a panel of parents like this, one would say child care is the pits, it is awful, and yet in some communities, it works rather well—there is just not enough of it—in other communities, there is none at all. It is a very uneven floor in our society for child care.

The child care infrastructure problems addressed by this bill having to do with regulations and for family day care and for centers, we know that that is an uneven disarray in our country; for training, for technical assistance, for more adequate funding mechanisms; for provider provisions such as adequate staff compensation and higher reimbursement for special needs children; and payment at market rate—these are all matters that will affect all of the actors in this child care setting. These are the things I know make a difference.

Good regulations and consistency of enforcement will help develop a credible child care system. It is good public policy to address affordability, quality, and quantity of care as well as the coordination of resources to help establish a better and more broad national child care infrastructure.

I'd like to close with reminding you that Federal policy, as you know, has always been limited to national crisis or special problems of special populations. That has been the history. It is not any more the future.

The current array of Federal programs need time together. They offer some child care assistance. They may lull Congresspeople into thinking that the Federal role has now been clarified.

However, funding for low-income families without addressing supply and quality of care is not helpful. Work expense benefits for child care at $160 a month that are limited to approximately half the cost of care are not going to accomplish good goals for low-income countries. Lack of coherent regulations across States is confusing and wasteful.

While the Federal Government has made much investment to benefit groups of Americans, children are still short-changed. The protection of children in regulated settings, the easing of the child care economic burden for low- to moderate-income families, and the coordination of resources will make a difference.

Thank you very much.

[The prepared statement of Ms. Adams follows:]

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TESTIMONY BEFORE THE SENATE SUBCOMMITTEE ON CHILDREN, FAMILIES, DRUGS AND ALCOHOLISM

by

Diane Adams, Executive Director
Community Coordinated Child Care (4-C)

March 15, 1988

United Way
Participating Agency

Testimony Before the Senate Subcommittee on Children, Families, Drugs and Alcoholism

Washington, D.C., March 15, 1988

Diane Adams

I am the Executive Director of Community Coordinated Child Care (4-C), a child care resource and referral agency in Madison, Wisconsin. We have 18 years of experience of assisting parents in their child care search and working with child care providers to improve the overall quality of care in our county. In addition to services to parents and providers, we provide public information on child care needs to community planners, elected officials, interested citizens, and work with local employers to expand employer-supported child care options. Last year, 4-C referral counselors talked with 3,800 parents seeking care for about 5,000 children, so we have some perspective on the incredibly difficult search process parents go through in order to locate good care. In 1987, 4-C sponsored training events attended by 550 child care providers, and provided technical assistance or consultation to 1200 other providers, so we have insight into the problems faced by caregivers seeking to offer good quality care.

This testimony is my own, and yet it is in large measure influenced by the many outstanding leaders in the early childhood field whose research, writing, and speaking have helped shape the Act for Better Child Care (S. 1885). People like Gwen Morgan, Ed Zigler, Norton Grubb, and Ellen Galinsky, to name a few, have been influential in creating the knowledge base necessary for the creation of such legislation. You should recognize that ideas are shared freely by professionals in this field of early childhood. The bill before you is based on research, discussion, and writing about the best ways to address the child care concerns of the nation. What I have to say comes out of my direct experience in addressing local child care concerns, research experience in studying child care regulatory policy and public policy in general, and networking with others who care about America's children in child care.

At the outset, it is important to state that I believe the child care system in this country is, in fact, not a system at all, but a haphazard, chaotic, disarray of services which may or may not serve families well. This legislation is important because it addresses all of the infrastructure problems which have caused such disorganization. The concepts in the bill of affordability, availability, quality, and coordination are part of a sound public policy for the nation's child care.

Two beliefs about child care guide my remarks: first, the existing variety of child care services in centers and family day care homes is on the "right track." There are about 65,000 licensed child care centers nationally, about 170,000 licensed or registered family day care homes, and a growing cadre of qualified professional child care providers who work to offer quality child care. There is simply not enough high quality, affordable child care to meet the growing demand. So, while what we have "works" to some extent, it does need to be strengthened and expanded -- recognizing the expertise we have achieved to date and improving quality where improvement is needed.

Second, no single system will do for America's families. You have heard from families with complex needs: care for children with chronic illnesses, care for more than one child, care needed at night or for sporadic shift work, care for children who are mildly ill, care in neighborhoods, at the work place, on the way to work. . . The major message is that parents and communities need multiple options -- not a single delivery mechanism. Given those premises, let me address the child care solutions proposed in this legislation from the perspective of parents (the demand side of the equation) and providers (the supply side), with some closing comments about what I believe are appropriate roles for federal and state governments, as well as communities.

I. PARENTS' SEARCH FOR QUALITY CHILD CARE

One noted researcher has described child care as "hard to find and difficult to manage" (Emlen, 1985). Parents contacting a child care resource and referral agency already have located one resource: the number to call for some centralized listing of providers. Many other parents struggle through want ads, yellow pages, laundromat bulletin boards, using all the informal networks of friends, neighbors, and relatives -- and may still come up short. And because there is such a shortage of care in many areas or for some age groups, those contacting the referral agencies may also not be able to locate care. Follow-up contact with families we served showed that 42% of families in one month last year turned to the unregulated market for care because there were no spaces or insufficient quality in places to which they were referred. Others successfully found care they liked, and are willing to testify to the fact that good child care is "peace of mind" for them to be productive workers.

Employed parents suffer because they are uneasy about the health and safety of their children in all too many instances. Unemployed parents, or those being urged to leave welfare dependency to work at low-paying jobs face the dilemma of not finding child care they can afford. Jim is an example of these parents who are between a rock and a hard place. He's a single parent father of two school-age children, ages 5- and 7-years old, whose children stayed alone before and after school and during the summer vacation. His worry was mainly about their safety and lack of activities. While he works full time, he is low income enough to qualify for the county's Social Services Block Grant (Title XX) program. He had been on a waiting list for subsidy for 18 months, before finally becoming approved for funding. He found a child care provider using our referral service, but then, a few weeks later, the provider was to go on vacation and he needed back-up care. Again, a registered family day care home was located for this temporary care. A few months later, however, he faced the need for emergency care because his child care provider was ill. He could not find care anywhere in the county These two children have been in five different kinds of care in the space of just six months: self-care, three family day care homes, and self-care again.

Another situation involves a person who answers ads parents place in the newspapers. She once did child care in her home, but there were clouds of suspicion about the death of an infant in her care and she was prohibited by state licensing from doing child care. For the past 10 years, she has harrassed parents who place ads by calling them over and over again. On occasion a parent has hired her without checking references (because in-home care is so difficult to arrange, we assume). A day or so later parents usually want to end the arrangement and when they do so, she will harrass them on the telephone. There is no regulation that will stop such an individual, but good consumer education is imperative to keep such people from preying on parents' need for care.

This bill is important because it will assist parents in their search for care, and enable low- and moderate incomes to pay for quality care. Several pieces of the child care puzzle that affect parents the most while they struggle to work or enter training are addressed through this bill: the regulations and enforcement, training and technical assistance to child care providers, and subsidy for quality care. The increased supply of child care (through start-up grants and loans and family day care recruitment) will help more parents locate care. The coordination of resources part of the bill will ensure an efficient use of resource and help parents gain access to the most appropriate child care services. It will maximize parent choice.

II. PROVIDER RESPONSE TO THE DEMAND FOR CHILD CARE

Day care providers in this country face insurmountable odds at times. They work in a field that is not highly valued, either in status or remuneration. Many are unskilled and untrained -- still many others are degreed professionals who have chosen to work in child care, at least for a time, because they care about children and families. Family day care providers, in particular, have recently emerged as a new partner in this profession -- the presence of about 200 state and local family day care associations is evidence of this new professional stance on the part of many people who take care of children in their homes.

In a description of "day care oldthink" and "day care newthink," one author described quality child care as a service that needs to be trusted by all parents, regardless of social class (Morgan, 1982). Day care providers today tend to serve a wide range of social classes -- we have moved away from largely segregated-by-income day care centers in our state. Providers are asked to respond to a wide range of values and parenting styles, and they generally work with all income groups. Clearly this places demands on child care providers, stretching their already meager resources.

Where there are unconscionable day care operators, who exploit their workers and do not have "truth in advertising" for parents, it is important there be a system in place to improve the situation. Both regulatory and non-regulatory methods will work; for example, removing names of providers from referral listings temporarily while licensing violations are being remedied or placing newspaper notices when licensed programs are closed by the state licensing office. In our community, many day care directors come together in the 4-C Director's Caucus for training and support, and for mutual sharing of ideas that will help them improve their service to parents. We are fortunate to have the City of Madison Day Care program, with municipal funding for certification and technical assistance to city-certified day care programs. The legislation before you will expand training and technical assistance to providers. We know from our own local experience that such resources, indeed, help improve day care.

III. COMMUNITY RESPONSES TO CHILD CARE

States will be encouraged through this legislation to establish a child care plan, strengthen local communities to expand day care services, and improve the overall quality of care. Across the nation, communities and employers are beginning to be aware of their role in undergirding child care. The major actors in child care once were almost exclusively limited to the parents, the providers, and those who regulated the care. Today's child care stage is much more diversified, with employers playing an increasing role, foundations and corporations involved, and state and local elected officials creating innovative proposals. But we should cautiously appraise the stir of activity. It has not, so far, resulted in greatly expanded options for parents and a better delivery system. That remains for an appropriate federal role.

Federal involvement in child care has, in the past, been limited to national crises or to special problems of special populations. Child care has often been used to further goals often unrelated to the best welfare of children. The current array of federal programs which provide some child care assistance may lull you into thinking the federal role has now been clarified. However, funding for low-income families -- without addressing the supply and quality of care -- is not helpful. Work expense benefits for child care that are limited to approximately half the real cost of care ($160/month) are not going to accomplish good goals for low-income families. Lack of coherent regulations across states is confusing and wasteful.

While the federal government has made much investment to benefit groups of Americans, children are still short-changed. The protection of children in regulated settings, the easing of the child care economic burden for low- to moderate-income families, and the coordination of resources will make a difference.

In closing, I would like to remind the Subcommittee that children are the heart of this matter. When very young children are uncomfortable, they may let us know about it by a mild form of crying, and we say they are whimpering or "fussy." When children are genuinely upset, they will sob unconsolably, and when they are really distressed, they may wail and cry loudly. Well, parents, figuratively, express the same behavior. Many parents who are uncomfortable about the child care they can locate may be "fussing" about the situation, but have nowhere to turn. Still others are genuinely upset about the care they have purchased and may sob or wail about bad quality care. This legislation may not calm all those situations, but the tears of children and parents ought to be our concern. The child care providers who are equally frustrated by a lack of support and recognition may no longer be there for the families. Obviously there will remain a number of unresolved issues before federal child care policy will become a reality. There will be need to face them squarely and honestly. Thank you very much.

Senator DODD. Thank you very much, Ms. Adams.

We will hear from other witnesses later this morning who will point out exactly what you have said, that is to call this a system is ridiculous. It is ludicrous because the notion of a system indicates some order. And to talk about a "child care system" in this country is a contradiction in terms. It is not the case that there is order or a structure at all.

We have been joined by my colleague on this committee, someone who has been an advocate for years in the area of families and children, Senator Mikulski of Maryland.

Senator, we welcome you to the committee; if you have an opening statement, we will be glad to receive it at this point before turning to our panel for any questions.

Senator MIKULSKI. Mr. Chairman, I just want to thank you for the continued quest that we have to find adequate child care.

As we listen to moms and dads, we find out that day care is hard to find, hard to pay for, and once you get it, you wonder if it is safe and if the people running it are competent.

Day care is a family issue, but it has also become a business issue, because every employer will tell you at 3:00 every day, people wonder where their kids are.

The statistics speak for themselves, which you have so adequately outlined, and I think where we find ourselves today is that we have to focus on availability, affordability, safety, and competency in providing child care.

American business at the worksite provides more parking lot slots for workers' cars than they provide for workers' kids. I want America to love its kids as much as it loves its cars, and that is why I am sponsoring the ABC child care bill.

Senator DODD. Thank you, Barbara.

Again, I don't want to take a lot of time. Your statements here this morning have been eloquent. But just a couple of questions, if I may.

Joy, I think you eloquently described the situation where that initial program you had helped you tremendously, because of the income level you were at. Then as you moved up and got the higher-paying job or an increase in your salary, whichever it was, you were moved out of the subsidized system, which is understandable.

Our bill provides for subsidies for families up to 115 percent of the median income in any state. I don't know what your present financial situation is and whether or not that would apply to you or not. But are you presently finding that the cost of child care in this city is such that even with your increase in salary, you cannot afford it. Have you fallen into the category that so many people have where you are working and doing better financially but still can't afford child care? Have you fallen into no man's land in a sense?

Ms. MAJIED. Exactly.

Senator DODD. I wonder if you might describe that—and whether or not you have seen coworkers running into that situation or the like?

Ms. MAJIED. I think one of the things that is most interesting is that even in situations—most people think that because you make a certain salary, you are doing a whole lot better. But once you take out for the health insurance you pay for for your children and yourself, once you take out car insurance, once you pay for rent, groceries and clothing costs, it leaves you very little money to live with. And even though my son now is 12, he still has some very—I would not say severe—but he has problems with communication.

My concern is that in whatever child care setting I would have for my son—and you know, as your children get older, they don't like the idea of child care, because they are growing young adults—so you don't want a babysitting service, but you want a service that provides some needs and attention for them educationally as well as recreationally, and that address their age and some of their disabilities.

So for me, I am in that pocket where I am above the level of income where I would be able to benefit from any subsidized program, and I have not yet reached an income level where I am above it and can pay for it all. So I am just stuck with having to have my children in an unsupervised atmosphere at home until I can do better.

I can say that the program they were in with the Department of Recreation was a safe environment, a very competent staff, and they were given a structure to follow. In that sense, my kids have truly benefitted in the sense that when they come in from school, their structure has been set for that five-years, and they go straight to their homework and then other reading activities before they involve themselves in any recreational activities.

I am very proud to have been a part of that system and a parent who participated with that system to make sure that all the needs of the children, not in that one school, but in the other schools, were also met.

Senator DODD. Let me ask you this, because a lot of people have raised this question. You have two children, one aged 12 and one aged 10. Why do they need child care? Aren't they old enough to take care of themselves? An awful lot of people think they would be.

Ms. MAJIED. Well, there is a yes to that and there is a no. I think the no part has to do more with the legality of child neglect. Even though children are 10 and 12 and basically can do some of the very basic things for themselves, I still do not allow my children to use the stove when I am not at home, simply because they are children, and they can become lax in their safety rules, and they can be submitted to a fire. That is a concern.

Because my son does have communication problems, he is not always able to explain to the fullest extent what his particular needs are, or his difficulties, in a manner that is quick enough for someone to understand if there is a sense of danger or something that is going on that is not good for him.

I believe that children are still children. That is the yes part of it, that they do need supervision because they are children, and as children they make mistakes as well as adults make mistakes, but I think they make them on a grander scale if they are not supervised or for someone to be there to remind them of what they can and cannot do.

I know there are different programs throughout the city that address that at different levels, but none of those programs are convenient to where I live, either.

Senator Dodd. Let me ask the Brooks a question. Some have suggested that what we are doing here is actually going to discourage family day care because this legislation is going to saddle them with a lot of rules and regulations and requirements. The notion is that family day care providers are going to say the heck with it, we don't want to have the Federal Government once again coming in and deciding for us exactly how we ought to be doing these things.

You have identified the problem, obviously, in testifying about your tragic situation. You lost a child as a result, needless to say, of more than neglect in a child care setting.

How do you respond to that particular question, and what would you recommend? What are we talking about here? Obviously, as a sponsor of legislation, I don't want to be in a situation where I am mandating a set of restrictions without being sensitive to differences in certain areas, locales, and whatnot. But is it fair to suggest that because we have asked for minimum standards that we are imposing a burdensome regulatory process on people when in fact there are situations such as yours? What should some of those minimum standards be? What would you insist upon?

Mrs. Brooks. First of all, Eric was in licensed home care from 6 to 9 months part-time, and we had an excellent licensed day care provider; she was very conscientious in adhering to the rules and regulations. But the day care provider told me at the time that she was very frustrated by the system because even though she followed the rules, and she was supposed to be inspected, she had been in business for nearly a year, and an inspector had never come out.

We had a good experience with her. Unfortunately, she was geared for older children and could not take Eric full-time, and that is when we sought Dorothy Mitera. And when we made that choice, we went upon the fact that I had known her and so therefore I did not question her as I would have a stranger.

But we have found that if a person has some sort of education and understanding of what it is like to deal with a child and the stress that comes from it, they would be better equipped to handle this type of situation.

I know myself personally the stress, because I did care for two high-risk children who were on monitors before Eric was killed, and I knew if something went wrong with the children that the parents wanted to be called. And in fact, I had an incident in which I did call the parents. But that is because I had had some child care courses in college and was aware of the situation that children do frustrate you at times, and they do make you angry. You have to know how to deal with that anger. That is why we feel education and regulation is the key.

My husband will respond also.

Mr. Brooks. I would like to add to that. I think the key thing here is that whether it is a licensed day care situation or in-home provider, they are nonetheless providing a service and a skill. In order to do that, you have to have some minimal training. I think the key minimums certainly have to relate to child first aid and they need to be related to stress coping in the child care situation.

Beyond that, another aspect of the bill that I found particularly encouraging was the reporting; the ability to set up within a State a method whereby complaints from individuals could be lodged and essentially a clearinghouse set up so that when one went out into the wide ball game here to try and find day care, whether it be licensed or an in-home care situation, that there was some agency that you could refer to, for not simply that somebody had signed a piece of paper saying that now they were offering this, but that there was a clearinghouse, and if another parent had had another problem with this person, at least there would be some record of it. It would allow for a method of checking.

Also by these very fundamental minimums which would require very little in terms of our education requirements—which it is sad to say that we are talking here about minimums, when we should be talking about reaching what is necessary—I do not think that would be a problem at all. I think it would, if anything, improve the whole system because it is a ground up improvement that you have got to go through.

Senator **Dodd**. Thank you both very much.

Fran, you talked about the frustration of trying to work hours out, changing work schedules and the like. I don't want to get you in trouble with your employer, but how is it affecting your work?

Ms. **Haynes**. A lot. I keep telling them that I am a mother, and those are my children—and my job is important to me, but my children are more important, if you understand what I am saying. I have got to do what I have got to do.

One time, I was taking my daughter to a home care mother, and the home care mother had gotten sick during the night. So I called a friend of mine who used to be a home care mother and asked her could she take care of my baby for me because I had to go to work—it was like I had better be there kind of situation.

So I went. And I called to check on my baby, and my friend was drunk. I had to rush home. I might as well have not gone in anyway.

Those are the kinds of circumstances that you have to deal with. Like right now, I do not know during the summer what I am going to do because the after-school that my son is in will only be open from 9 to 3. My son is 6 years old.

And most women these days are working, so there is no more like your nextdoor neighbor. And with the drugs and things like that so prevalent these days, you don't even trust people to leave your kids with.

So if it came down to the fact that I had to leave work, I would leave; if it meant that I had to take care of my kids instead of leaving them in a situation, I would leave.

Senator **Dodd**. And go on welfare?

Ms. **Haynes**. I would go on welfare, if it meant saving my kids, yes, I would.

Senator **Dodd**. And do you find with your coworkers in the police department in New York—are those attitudes expressed by others?

Ms. **Haynes**. What I tried to do is to keep a lot of parents that I know abreast of the problems that I faced, like when my son left day care and went into school, I let them know the problems I found in trying to find after-school, that you had better start looking now.

I find that a lot of police officers, because they have to work around the clock, there is no 24-hour day care. Also, their salaries are part of the reasons they cannot get day care.

Also, the police department is pushing to try to put a day care center within the police department, but at the same time they are saying that the cost is going to be so much so they don't know if they can do it.

And right now, my daughter is in the hospital because she was sick, and I left her home, and my mother had a problem and accidentally gave her the wrong medicine. I had to be at work, and now my daughter is in the hospital right now in intensive care.

Senator DODD. I know, and I was going to mention that, and I know my colleagues will appreciate it as well. In fact, we were going to suggest that you not come down here today, but you very much wanted to be here to talk about your situation. And in fact, you are doing probably more for your child by being here.

Ms. HAYNES. Well, I know she is in a safe place now because she is in the hospitals.

Senator DODD. Well, we thank you very much for making the decision to be here with us today.

Mr. Young, you talked about the tragedy of your child being diagnosed with epilepsy and your subsequent difficulty in finding child care. What do other families do when they have lower incomes and yet have special needs children?

You indicated you are paying two and one-half times the cost of child care in your area, and obviously, that is in-home care, in your situation. So really, in a sense, you have hired a babysitter to deal with the situation.

What do lower-income people do? You heard me cite the statistics of the average costs of child care in this country. If you take someone in my State who earns minimum wage, around $8,000 a year, and has two children; it is just a wash. It doesn't make any sense if you take a minimum wage job and you have to put two children into a child care setting. You can't earn enough to pay for the child care.

What do lower-income people do? What have you learned from talking with other people?

Mr. YOUNG. Senator, as you point out very clearly, there is a strong relationship between poverty and disability. My wife and I recognize that we are very fortunate to be able to have the financial resources to be able to provide Andy with adequate care.

The answer to your question is that many low-income families—indeed, many middle-income families—don't even have the option to pursue a solution like the one we have found.

For many families in the United States, providing care for a special needs child is a severe financial hardship.

Senator DODD. And that has been your experience from just talking with people and so on?

Mr. YOUNG. Yes. My wife and I are in a parent support group for kids with epilepsy, and we have heard stories there that were in many ways much worse than ours, especially in homes where the sole provider is a single mother.

Senator **Dodd**. Joy, you indicated earlier some similar problems with your child who has a learning disability—not a severe one—but was that a problem at all?

Ms. **Majied**. At first, it was severe, when he was four years old. When we moved from California, my son was coming out of a residential center for children with emotional and other disabilities, where he had been for over a year.

My reason for coming to the District of Columbia area was because of the placement center and reputation that the District of Columbia public school system had at that time for having one of the better placement systems within the country. And California at the time was trying to place him in a facility with children with mental retardation, and he was not mentally retarded. The other end of the spectrum was an environment where he had 3 hours of special education, which was also inappropriate.

Upon first moving here, coming from California, it was not that important, because he was never out of that environment once he was diagnosed. He was in a total care facility. And in coming here, after that almost year and a half of being in that particular facility, he was able to function, but the problem, of course, with a lot of learning disabilities is that to look at the child for all appearances, he appears very normal until he begins to function. And for someone who is really not aware, you just cannot leave him in any environment unless people really know what those shortcomings are.

One instance would be loud noises used to frighten him terribly, and he would take off, if there were a lot of firecrackers and things of this nature, and he would just run. And if you caught him, you just could not hold him; his strength was tenfold—which meant there was always the risk of him getting hit by a car and this type of thing.

So you have to be very sensitive to the environment you put him in and who was there as an adult who knew of his needs.

Senator **Dodd**. And some minimum standards of training and background to deal with that kind of situation.

Ms. **Majied**. Exactly.

Senator **Dodd**. Diane, there has been criticism of our legislation that it allegedly limits parents' choices and that we are being restrictive here. I wonder if you might indicate what parts of the bill actually do the opposite, and in fact, broaden parents' choices.

Ms. **Adams**. It does maximize parent choice, because 75 percent of the money that is going to be spent for certificates for parents to purchase child care in the marketplace, at market rates—those two pieces have to be there—will probably create that ability for parents to do some better consumer market searches.

You have heard from parents here who have relied on known people, relatives, friends, who have not been entirely trustworthy. And we have also said that the checker system isn't always trustworthy.

We think the part of the bill that is going to address some of that is in the coordination of resources, the resource referral, consumer awareness, a lot of public information.

When we are talking about looking for child care, we are in a new ball game for parents in this country. They have never in such vast numbers looked for something that was not available. So the responding services, I think, will arise and are arising. As you have said, we have some good things in some communities.

Senator DODD. Lastly, Jimmy, in your letter to the President—again, a very respectful letter to the President, you talk directly about your particular situation. Your point is, and maybe you would just like to comment on it, that while this bill is expensive, it will save money in the long run. The idea is that people will be working and paying taxes rather than collecting public assistance of some kind or another. That is really a major attraction of this bill; is that correct?

Mr. WHITE. I believe, like Ms. Haynes said a minute ago, quitting her job and going on welfare—this is what is causing a lot of this not being able to pay for stuff like this. The Government is in debt real deep. But I believe if people got a child care center and made it where they had restrictions there, like they said they had to have well-qualified staff, knew what they were doing—not like some that are running like they are now, just running to get the money. A lot of them that are running now are just out for the money.

We are not trying to get a place like that for the government to pick up the tab. We need a place for the children to go to.

My kids will not stay at home by themselves. They are scared to death. They are 10 and 11. On a weekend, I left them there at the house. I said, "You are big enough to watch yourselves."

They got scared because they were there alone, and ran next door to the neighbors, and I had not been gone five minutes and just came back.

So that is one reason why kids that age cannot watch themselves.

But I believe if we got a day care center started, that they should have restrictions that the people must meet before they can get a job watching the kids.

Senator DODD. Thank you very much, and I want to thank all the members of the panel. My colleagues may have some questions.

Senator Hatch.

Senator HATCH. Thank you, Mr. Chairman. I would just like to ask a couple questions.

Ms. Adams, I would like to commend you for the services that you are offering parents in Wisconsin, and I am somewhat familiar with it. Clearly, information and referral is the key part of any child care system or program, it seems to me.

Back in 1984, I sponsored that bill with Senator Mikulski, who was then a Member of the House. It was called the Dependent Care Resources and Referral Act. I think all of us have been delighted to see how successful that particular bill has been, and I think it is time to coordinate I and R with other more comprehensive services. So I would just like to say that to you.

Now, you state in your testimony that the child care shortage is critical and that we must stimulate additional supply. I agree with that. How do you perceive the ABC bill doing that, particularly since 75 percent, as you have stated earlier, of State funds are designated for direct services, and up to 15 percent can be used for monitoring, training, and compliance assistance?

Ms. ADAMS. The systems that we have in States are very uneven, as you know. Some State licensing departments really function very well to help inform parents; they have a lot of consumer awareness campaigns on what to look for in quality child care. There are about 250 resource and referral agencies around the Nation, and they have been supported a little bit by the dependent care bill. The money is not sufficient in our State. We only funded three last year and maybe two or three this year, and they are very, very small grants. We do not know if they will be able to make that.

The question about whether the supply will arise, I think only if we have good, sound infrastructure will that happen. In other words, providers come into the system and family day care providers—we have heard them called everything under the sun, but these in-home or home care mothers and so on—family day care providers come into a system when they know there is some market for their services, and they are reasonably supported in that. And I think this bill will do that. It will create awareness training. People like training; people want training. If it is low-cost enough so they can afford it and they can get to it, they will come, and they respond in this way to a responsible profession. They want to do it.

Senator HATCH. All right. Now, I was also impressed with some of the findings of the Wisconsin report called "Child Care in Wisconsin: A Long-Range Plan." You were a member of that particular advisory committee that came out with these recommendations or this particular plan.

There is a recommendation in there calling for a revolving loan fund to assist family-based providers so they can bring their homes up to standards. Do you agree with that?

Ms. ADAMS. We have not gotten much support in the State legislature for that, and that is where that plan has to lie. We used to have start-up funds, and those were distributed to providers who articulated a need that would help them to come into compliance with licensing standards.

Probably the heart of the matter is that we don't have a good, comprehensive licensing system in Wisconsin. It is confusing—some kids under three, some over four, and so on—and licensing different from certification and registration. So as long as we have that confusing system, I don't think we are going to get much support from the legislature for that.

But primarily, those start-up loans—and I think they really ought to be start-up grants—just some small amounts of money that will enable a provider to come into compliance. I am not in favor of fences, because they are for the property owner enhancement, but things like toys and equipment and access to training and the CDA credential are things that could be done through grants and loans to the providers and would help that system.

Senator HATCH. Also, the Wisconsin Day Care Child Development Advisory Committee recommended the establishment of a State child care advisory committee made up of all segments of the child care system, including State agencies, business and community organizations, parents and providers.

Do you think that is a good idea?

Ms. ADAMS. Yes. We have a fledgling one of those. It is a State Day Care Advisory Committee, and practically every State has something similar. But the coordination that this bill calls for, which is between all sectors and interagency agreements, will be really important.

In our own State, the Department of Public Instruction, which has a major influence in four-year-old programming, has no interagency working now with the Department of Health and Social Services.

Senator HATCH. And under the ABC bill, as I understand it, States have to come into compliance with Federally-imposed standards within 5 years.

Ms. ADAMS. Yes.

Senator HATCH. Now, this means that the State has to pass laws consistent with the Federal standards within their own State legislature.

Given that I think it would be pretty well-settled that a number of States believe in their own rights to do these things—and some of them are actually hostile to the concept of federally imposed child care standards—it may be very difficult for some of those States to adopt those Federal child care standards.

Now, what happens to the Federal child care moneys in the event states are unable to pass legislation consistent with the federally imposed standards?

Ms. ADAMS. That is such a mythical scenario. Twenty years ago, when we passed the Federal interagency day care requirements, the Federal Panel on Early Childhood said we will have to have these high-quality standards. The States argued about that, and they never were fully implemented. But in the meantime, in the last 20 years, States have enacted fair to middling regulations for child care. They are all in a process of improvement. They are all fussing around with ratios and training and trying to get some levelling.

I see the role of the Federal Government as to say there are some model standards; if you have something that is higher than that, you keep it; if it is below this, then as a Nation, we ought to be saying something about that.

For there to be staff ratios of one-to-seven in North Carolina, for infants, is unconscionable. We really need to say something about that—and North Carolina just fixed their licensing law.

So it was just a pragmatic decision. States to have trouble with it. It will take a lot of consensus building, but you have the National Conference of State Legislatures and the National Conference of Mayors and on and on; those groups are very supportive of this legislation. They have never been put to the gun in their States about regulations. They have often done just piecemeal, just a little bit at a time.

This will give us a national consensus building, I think, about what is appropriate, what is less intrusive, what is acceptable to us as a society.

We ought to learn our lessons, though, from those old Federal interagency day care requirements and not make them so prohibitive that people cannot meet them.

Senator HATCH. Thank you.

I want to thank all of you for appearing. We appreciate the testimony that you have given. I am sorry I cannot be here all the time, but I have got two committee hearings going on and another set of conflicts besides. But I am paying very strict attention to what the testimony is today, and we appreciate all of you.

Thank you.

Senator DODD. Thank you, Senator Hatch.

Senator Mikulski.

Senator MIKULSKI. Mr. Chairman, I just want to pursue one line of questions, and again I'd like to thank everyone for coming. A particular note of thanks to the Brooks family, who have essentially taken a family tragedy and now have tried to bring about national policy changes. I am sure it is one of the most constructive ways that you can deal with grief, and we thank you for the courage of just coming and telling your story.

I have a question about information and referral, to pick up on Senator Hatch's question. I sponsored legislation and got it through the Congress that essentially presents in local communities one-stop-shops that moms and dads can call to find out what is available and what is licensed and available.

Mr. Young, you are my Baltimore constituent. When you were trying to find day care for your child, did you use information and referral? Were you aware that it existed, and what happened when you did?

Mr. YOUNG. Yes, we certainly did use it. The program is available—you can make contact with the program through the local public libraries. They have a locate service. We called them, and we did use that service, and we called many of the providers on that list.

Perhaps coincidentally, at the time we were calling, many of them did not have openings and then, as I pointed out, many of them did not have places for special needs children. But it is an excellent service. We used it for our older son, and it worked out beautifully.

Senator MIKULSKI. And it gave you a tool to be able to find responsibly-run child care?

Mr. YOUNG. That is right.

Senator MIKULSKI. Mr. or Mrs. Brooks, did you have the same type of system available in your own community?

Mrs. BROOKS. Yes, there is a similar type of system. In fact, Dorothy Mitera was registered with a child referral agency in Omaha, and there were two or three at the time. However, we did not go through them, again, because we chose someone I had known personally.

I feel that referral agencies should also do a criminal background check when they sign a person up, because when a parent goes to a referral agency, they trust that the agency has done all that is possible to ensure the safety of their child. That is one thing we would like to see as part of the referral process, so that way, you can weed out the potentially dangerous people, because they won't want to go through such a check.

Senator Mikulski. Well, rather than that resting with the referral agency, the referral agency, for example, that Mr. Young used in Maryland refers only licensed people. It does not refer anybody who just registers and says, "I've got two extra rooms and a club basement and a nice yard." So it uses only that, and therefore that would be up to the licensing requirement. But I think that is a good point.

Ms. Adams, just one last question. You are an expert on information and referral. I am concerned that it has not been adequately funded and adequately used around the country.

Ms. Adams. It has not been. As you remember, that bill started out very expensive, and got down very cheap, and got combined with school-age care, in an attempt to pass something. And I think that was a good move.

Senator Mikulski. We linked it to latchkey.

Ms. Adams. Yes, we combined it with the latchkey. And in some States, as you know, it didn't even get spent for I and R; in some places, it didn't get spent properly and got swallowed up in State agency administration.

I and R's will never be able to do the whole thing, and I am the very first to tell you that. I would feel very frustrated when 42 percent of our families last May had to turn to the unregulated market. There isn't any care out there for infants.

But the service I think we can provide and that any responsibly funded I and R can do is to point parents in a direction, help them gain action, as some of these parents have done, to create work site child care or to create awareness on the part of employers; to then attract the charitable foundations and the United Way, to help sponsor recruitment efforts so we can attract new providers to the field, and help do it in a planned way.

Providers come to me and say, "I would like to start child care. I think I am interested in this as a small business. Where would be a good place to start?" And because we have supply and demand data, we can point them in the right community. I think that is a useful function.

But we will never be able to find every parent child care; we can't do it.

Senator Mikulski. Well, I thank you.

Senator Dodd, I don't want to go into my questions, but obviously, what Ms. Adams points out is that information and referral is not the solution, but it is an important component in the system that Senator Dodd talked about, one for both parents to use to locate licensed child care services, but for policymakers, it is a planning tool to identify unmet needs, either geographic, age group or special need.

Thank you.

Thank you, Senator Dodd.

Senator Dodd. Senator Chafee.

Senator Chafee. Thank you, Mr. Chairman.

I just want to thank everybody on the panel.

I think what has been brought out here is that this problem is an extremely difficult and challenging one. You get the situation, as

Ms. Majied pointed out, where she has children who are beyond the preschool children, which usually we think of when we are addressing day care, and her situation involves caring for those children between the hours of 3:30 and 6. So we have got an additional problem and challenge, which I hope we can meet through the encouragement of this legislation. But we are dealing with more than just preschool children in this effort.

I would like to also ask Mr. White, in these day care centers, if we can charge something—and this bill doesn't restrict against charges by the States—obviously, then we will be able to accommodate more children and have more money in the system.

Do you have any idea of what scale of charges there ought to be, on some kind of a percentage system of earned income—do you have any thoughts?

Mr. WHITE. I believe that they should not overcharge you. Like, if you have one child, they charge you a flat rate for that one child. If you have two children, they are going to charge you more. Regardless of how many children you have, they should just charge one rate. They should not up the rate the more children you have.

Senator CHAFEE. Well, in any event, that particular problem we leave to the States in this legislation on the charges.

Again, I want to thank everyone for coming and helping us.

Yes?

Ms. HAYNES. I want to make a comment in reference to the fact that I said I would choose welfare if need be to take care of my children.

I stated that I would choose welfare if I needed to in order to take care of my children, which is true.

As I was sitting here thinking, I would also choose the fact of becoming a provider mother if need be to take care of my children, and maybe I could also help with the problem of child care. But one of the problems that comes with that is that they are both city jobs, the job I hold now with the police department and the job of provider mother. When you take a leave of absence with the city, you are not allowed to go and get another city job, as far as like even if I could be in my home. So therefore, that would leave me no alternative but to go to welfare.

Senator DODD. Thank you very much.

Senator Harkin has joined us. Senator Harkin is a member of our subcommittee, a member of the full committee, obviously, and he has been a strong supporter and advocate of child care.

We are delighted that you could join us this morning, Tom. Do you have an opening statement or questions of the panel?

Senator HARKIN. Thank you, Mr. Chairman. I apologize for being late. I had a previous engagement downtown. And to all of you who are here, I apologize that I am going to have to leave shortly, also. But I am interested in this legislation; I am a cosponsor of it.

Any opening statement, I would just like to submit for the record later on.

Senator DODD. Without objection.

Senator HARKIN. As I said, I just came back from downtown, and I drove by the front of this building, and outside there was a little group of people. The leader of that group is Phyllis Schafly. They are out there, and I read this little piece of paper that she put out—and you all know that she is out there with a group of people, demonstrating against this bill.

Here is what Phyllis Schafly says in this paper. She says,

> Furthermore, if this bill would discourage family care by grandmothers and other relatives, for example, and drive informal, neighborhood, family-style day care underground because of the cost of compliance with new regulations.

How realistic is that? I mean, are there grandmothers out there? Are there relatives out there? Is there neighborhood day care out there that we don't know about? How realistic is this to say that there are relatives and grandmothers and neighbors out there that can take care of these kids?

Ms. ADAMS. I don't think anybody is in disfavor with relatives who choose to care for children. When grandmothers are available and aunts are available, it is often an alternative for families that they prefer.

But I have also talked to thousands of parents who have been aware of the fact that their relatives may not want to be taking care of children. So this automatic assumption about grandmother care as being favored is really misplaced.

The second thing is that grandmothers are working; they are not available. Relatives are not available in the amounts they used to be.

Then this kind of cost of coming into regulation, I hope for once we can get across to people that we need not have costly regulations in order to have good regulations. It doesn't need to be an onerous burden to come into compliance. It isn't in many States. That becomes a barrier and a myth that people put up, but it is not.

Mr. BROOKS. Senator, I would like to add to that a little bit. I do not see this bill as precluding those types of offerings. What I do see, though, with this bill is a situation where the whole ball game can be unified under some global concept and direction and a unity brought to the whole system that sets those fundamental minimums. Whether it is my mother-in-law, or whether it is a grandmother that is taking care of someone else's kids, I think by this system being in place, there will be fundamental minimums that people can turn to to get some education and some training, even if they are a relative. I see that as part of this bill. I don't see it as excluding that. So I have no trouble with that.

Mrs. BROOKS. I also have a statement. Regarding Ms. Schafly's comment that grandparents and relatives take care of the children, I don't think she is living in the real world today, because in our situation, we lived in Omaha, and we didn't have any close relatives to take care of our son. My parents were in Iowa, and Michael's parents are dead, and family in California. So therefore, we had to rely upon the system, and we had to turn to alternative care. And the neighbor next door—she was studying for her master's degree.

People are busy. People have active, full lives. And you cannot count on the woman down the street to care for your child, because chances are she is looking for someone to care for her own children.

So therefore, I feel that this bill is needed, it is necessary, and I feel that it is time that day care stands up and says we are professionals, and we should be respected, and it should no longer be treated as if it is a cottage industry.

Mr. WHITE. Can I comment on that?

Senator HARKIN. Yes.

Mr. WHITE. Like she said, my mother passed away, and I imagine there are a lot of other parents who have grandparents, and they are not able to take care of them. My father could not babysit. He is 73, and he is too old——

Senator HARKIN. Oh, come on, he is just using that as an excuse. [Laughter.]

Mr. WHITE. But there are a lot of people out there who have the same problem. They are either too old or not qualified or not got the experience to watch kids.

Senator HARKIN. Well, thank you.

I just want to compliment you, Mr. Chairman, for your leadership in this area.

Senator Dodd has just been the leader on this issue. He has put this bill together. He has gotten us behind it. He has put these hearings together, and he is a real champion of this legislation.

So I look forward to working with you, Mr. Chairman, and making this one of—not one of—the highest priority that this Congress could possibly have.

Thank you very much.

Senator DODD. Thank you very much.

Thank you all very, very much. You have been a great group of witnesses.

[Applause.]

Senator DODD. We have gotten slowed down a little bit, and I am going to try and pick up the pace a bit more.

Our next panel includes Lt. Gov. Marlene Johnson, the State of Minnesota. She was first elected in 1982, re-elected in 1986. Prior to being elected to public office, she ran her own public relations firm in St. Paul. She has a longstanding interest in child care. She just completed a series of statewide hearings on child care, culminating in a major conference in that State. Through this forum, she brought together business, community and government leaders to hash out a role that each must play in addressing the issue of child care in her State.

Mayor Carrie Saxon Perry is a very good friend of mine. She is the mayor of Hartford, CT, and was just elected to that office, I might add. Prior to being elected mayor of Hartford, Mayor Perry served in the Connecticut General Assembly for 4 consecutive terms, where she became the assistant majority leader of our State legislature. She has also acted as president of the Order of Women Legislators and Chairperson of the Eleventh Annual Meeting of the National Black Caucus of State Legislators. Like Lieutenant Governor Johnson, she has a longstanding interest in child care, and I am grateful to the mayor for being down here this morning. And if we can get her through that crowd of people that is pouring out of here, we will get her to the table.

Good morning, Your Honor. Nice to see you again.

What I would like to do is say that if you both have statements, they will automatically be made a part of the record. I have kept you here a long time. Our first panel of parents had stories that were so compelling and I think that testimony was really helpful. But we are so grateful to both of you for being here.

Lieutenant Governor Johnson, you have done a great deal of work in this area already.

This morning, I was thinking of your being here, and I wish it had occurred to me earlier to ask the former Vice President to be here with us here this morning. Seventeen years ago, he sponsored comprehensive child care legislation and it was vetoed. I am going to ask him to come, if he can, to one of the next hearings, because he will certainly be a compelling witness. He can speak of the history of this issue over the past 17 years. So you come from a State with a longstanding interest and history in these issues. But when the former Vice President was a Senator and chairman, in fact, of this very subcommittee—it had a different name then—he tried very hard to get a decent child care program going in this country.

So it is altogether fitting that the Lieutenant Governor of the State which Walter Mondale is from is here this morning. You will tell us about what you are doing in your own State of Minnesota and what the problems are.

Mayor, again, your involvement in this area has been tremendous as a State legislator, assistant majority leader, chairman of the Eleventh Annual Black Caucus, and also member of the Order of Women State Legislators. I think you bring a great deal of experience and information to bear on this hearing.

So we will take your statements, and then maybe a few questions and will try not to hold you too much longer this morning.

We will begin with you, Lieutenant Governor Johnson.

STATEMENTS OF HON. MARLENE JOHNSON, LIEUTENANT GOVERNOR, STATE OF MINNESOTA; AND HON. CARRIE SAXON PERRY, MAYOR, HARTFORD, CT, ON BEHALF OF THE UNITED STATES CONFERENCE OF MAYORS

Lieutenant Governor JOHNSON. Thank you, Chairman Dodd and Members of the Subcommittee.

I really appreciate the opportunity to be here with you this morning, and I would like to thank you for the leadership that you are providing and for the hearing that you are giving the Act for Better Child Care this morning.

This is truly an exciting time in our Nation's history. There is increasing recognition that children and their families in fact do need special attention and have special needs.

I am here today to applaud the ABC bill and urge you to support it, because I believe it sends a very clear message to the President. it sends a very clear message that America recognizes that children must come first.

While the dollar figure in this bill seems like a great deal, and to many people is proclaimed as way too high, particularly in this budget-cutting era, the fact is that it must only be the beginning. Even as we work to pass this bill, we must also look at the long term, and that long-term reality is that we must move from ABC to XYZ. Child care and early childhood development must evolve in our commitment to an establishment of an institutional framework that cannot be dismantled simply because of the whim of a President who doesn't understand or a Congress that is unable to act.

It is time in America to recognize that the world has changed, and the most profound change has been in our families. The post-Vietnam economy, the breakdown of the extended family, and the economic need for women to work have all challenged our society and resulted in a profound shift in the basic cultural fabric that gives form and security to children and adults in their daily lives.

While it is true that we cannot go back to the times when extended families and closeknit neighborhoods were the rule, as we experienced as children, in fact we must nevertheless create an environment in our country now which assures parents the support that they need to meet the developmental needs of their children.

I believe our approach must be comprehensive, and we must always ask the question: What is it as a society that we want for our children, and how can we accomplish it? We simply must get to the agenda of creating a national children's policy, and we need to act now. And I believe the ABC initiative is the first step.

Right now in our country, child care is an ad hoc collection of individuals operators who have little connection to each other, not because that is the way they want it, but because we do not provide a framework for them to work together, to be trained together, and we do not provide a means for their security, well-being and training.

And yet, we continue to tolerate this nonsystem and at the same time, then, allow our children to be lost in the shuffle.

Everything we know about child development says that our young children need stability in their lives to be secure and to grow. Yet, the low child care provider wages foster a turnover right now in this country of 40 to 60 percent.

How is it that we believe that children can be secure when many children are seeing two and three and four child care providers in the course of their first year of life?

The ABC bill not only makes child care more available and more affordable for parents, and encourages their involvement, but it also assures those minimum standards and looks for ways to improve wages of our providers. I believe that it is forward-looking, and it is an approach which views the development of children as an investment—the very best investment in our country's future.

We know from many, many studies that every dollar we invest in early child development saves us $4 to $6 in the future in reduced unemployment and welfare dependency and crime. And we also know that early childhood development is the best predictor of achievement, motivation and commitment to learning.

I am proud, actually, that Minnesota does know the value of an investment in the care and education of our children. Since 1983, when Governor Perpich and I took office, we have increased our commitment to the sliding fee subsidy from $4 million per biennium to $26 million per biennium.

Our early childhood family education program is now in all of our public schools and is a national model for parenting education. And last year, we joined a handful of other States in making State commitments to our Head Start Program as well.

Yet even with all of these programs and financial supports in place, we are only meeting a fraction of the need in our State. The ABC bill will help Minnesota, and I know that it will help all our States to continue to create an environment where our children grow up safe, secure, supported, and really aware of their priority to us.

Thank you.

Senator DODD. Thank you very much.

[The prepared statement of Lieutenant Governor Johnson follows:]

TESTIMONY OF

LIEUTENANT GOVERNOR MARLENE JOHNSON
STATE OF MINNESOTA

BEFORE

U.S. SENATE
SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOL

MARCH 15, 1988

Chairman Dodd, members of the subcommittee, I am Marlene Johnson, Lieutenant Governor of the State of Minnesota. I would like to thank you for providing me with the opportunity to speak on behalf of the Act for Better Child Care (ABC), S. 1885.

This is an exciting time in our nation's history. There is recognition that children and their families need special attention, and have special needs. I am here today to applaud the ABC initiative and to urge you to support this bill. ABC sends the clear message that America recognizes that children must come first.

While the dollar figure proposed in this bill seems like a great deal, particularly in this budget cutting era, the fact is that it must only be a beginning. Even as we work to pass this bill, we also need to look long term. We must move from "ABC" to "X", "Y", and "Z". Child care/ early childhood development must evolve in our commitment to a place where we have an institutional framework that cannot be dismantled at the whim of a president who does not understand or a Congress that is unable to act.

It is time to recognize that the world has changed, and the most profound change has been in American families. The post-Vietnam economy, the break up of the extended family, and the economic need for women to work, have all challenged our society and resulted in a profound shift in the basic cultural fabric that gives form and security to children and adults in their daily lives.

While we cannot go back to the times of when we grew up, and extended family life and supportive neighborhoods were the rule, we never-the-less have an obligation to create a system which assures parents will have the type of support they need to assure the developmental needs of their children.

Our public policy must reflect the recognition that we share the responsibility of raising this nation's children.

Our approach must be comprehensive, and we must always ask the question, "What is it that we want for our children, and how can we accomplish it?" We must develop a national children's policy and we need to act now. The ABC initiative is the first step.

Child care in this country is an ad-hoc collection of individual operators who have little connection to each other. Child care is hard to find, costly, and of uneven quality. And yet we have tolerated this non-system and allowed our children to be lost in the shuffle.

From all we know about childhood development, young children need stability in their lives to feel secure. Yet low child care provider wages foster a turnover rate of 40-60% How can children feel secure when each week they may have a different care giver?

The ABC bill not only makes child care more affordable for parents and encourages their involvement, but also insures minimum standards for providers and looks at ways to improve their wages. It's forward looking and an approach which views the development of children as an investment. The very best investment in our country's future.

In the long term, we know that every dollar that is spent on early childhood care and education-such as Headstart-saves over $4 in reduced costs for unemployment, welfare dependency, and crime. And good early childhood programs are the best predictor in achievement, motivation, and commitment to learning.

I am proud to say that Minnesotans know the value of an investment in the care and education of children.

Since 1983, we have increased our sliding fee child care funds from $4 million to $26 million. Our Early Childhood Family Education Program is statewide and is a national model for parenting education. And last year we joined a handful of other states in commiting state resources to expand our Headstart program.

Even with that, we're only meeting a fraction of the need.

The ABC bill will help Minnesota. It will help all states to create an environment where our children grow up safe, secure, supported, and nurtured.

FACTS:

Average Costs for Infant, Extended Day, & Regular Day Care

Infants	$60 per week - Family Care Setting
	$85 per week - Center Care Setting
Toddlers	$60 per week - Family Care
	$75 per week - Center Care
Pre-school	$55 per week - Family Care
	$65 per week - Center Care
Extended day	$1.50/hour - Family Care
	$1.75/hour - Center Care
Regular care	$2500 to $3100 per year

Licensed care facilities in Sliding Fee Program

80%	In Sliding Fee Program
20%	All others

Turnover Rate for Providers in Twin Cities

40%	Center Care
35%	Family Care

FACTS:

1. BREAKDOWN OF $26 MILLION SLIDING FEE FUND;

$243,000	Migrant Day Care Contract for seasonal workers
$250,000	Resource and Referral Grants
$250,000	Service Development Grants for new programs and providers
$200,00	State Administration Costs

Balance used for subsidies for groups of care-givers:

$12,008,160	Basic Program
$5,723,890	AFDC Priority, for those under 21 for employment or schooling
$5,203,536	AFDC Post Secondary, for those returning for post secondary education
$1,875,272	Non-AFDC Post Secondary for public institutions
$208,142	Non-AFDC Post Secondary for private institutions
$25,960,400	Total in program for the biennium
$2,000,000	Maximum additional money available in federal matching funds for AFDC caretakers to reimburse counties

1987 was a good year for Minnesota children

by Scott Giebink, MD

Minnesota Extends Medicaid Coverage

The 1987 Minnesota Legislature voted to give thousands of medically needy children and pregnant women of the state access to medical care. Prompted by the Minnesota Chapter of the American Academy of Pediatrics, and the Children's Defense Fund, the Minnesota Legislature took a two-pronged approach to improving financial access to medical care for medically uninsured children.

First, funds were appropriated to raise the Medical Assistance (Medicaid) income eligibility level by one-third. Prior to the increase, a family of three with a monthly income greater than $496 (70 percent of the federal poverty level) could not qualify. Beginning July 1, 1987, such a family can qualify if they have a monthly income (after deductions) up to $709 (100 percent of the federal poverty level).

Pregnant women no longer have to report their assets. Their Medicaid applications will be processed in 15 instead of 60 days, and they can continue to receive Medicaid benefits until 60 days after birth without completing new income forms. About 16,000 children and 4,800 pregnant women will now be covered with this Medicaid expansion.

Medicaid provides complete coverage for doctor and hospital bills, dentists, drugs, glasses, and other medical services. In contrast to Aid to Families with Dependent Children (AFDC), which does not provide health benefits until the seventh month of pregnancy, Medicaid provides health services the moment pregnancy is confirmed.

Second, funds were apportioned to establish a new "Right Start" Children's Health Plan. Under this plan, pregnant women and children younger than six years who have gross family incomes less than 185 percent of the federal poverty level ($1,434 monthly for a family of three), are eligible for outpatient prenatal and child health services through the Medicaid program. An estimated 5,700 preschool children and 1,000 pregnant women will be eligible for health services when this plan takes effect in July 1988.

Users of the "Right Start" Plan must apply and pay an annual enrollment fee of $25 per child or $35 for a pregnant woman. Applications will be available in physicians offices and all local health and human services offices; the entire application process can be completed by mail.

Funding for these new initiatives totals approximately $22 million. The state's General Fund will contribute $14 million toward the Medical Assistance eligibility expansion, and the "Right Start" program will collect one cent from the cigarette tax increase (expected to generate about $8 million). In addition, the legislation will bring about $17 million of federal matching funds to the state.

Hungry Children

For the first time, Minnesotans will help buy food for hungry children by allocating $1 million of state funds into the Women, Infants, Children (WIC) Supplemental Nutrition Program. An additional 1,200 to 1,500 children will be served by this program.

Child Care Funding

The Legislature appropriated $26 million for sliding fee child care, more than double the previous appropriation, so that 12,500 children per year will get child care subsidies. This program allows AFDC and other low income parents to go to school or work.

Child Care Centers

Nine community colleges and eleven vocational-technical schools in the state were given funds by the Legislature to build or improve child care centers.

Child Support

The Legislature improved medical child support guidelines, paternity establishment, and methods of collecting bad child support debts. Child support payments will be automatically withheld from earnings in at least five counties.

Welfare Reform

Under new state legislation and a $12 million appropriation, about 20,000 AFDC parents under 21 years of age without a high school diploma or who have been on AFDC for two or more years will receive special assistance to help them plan their escape from welfare dependency.

Head Start

The Minnesota Legislature committed $400,000 of state funds and directed $3.4 million from federal grants to give about 1,000 children a head start each year. Head Start graduates have better high school graduation and work force records, and less teen parenthood and welfare dependency than other poor children.

Parental Leave

New state legislation will allow parents who work at least 20 hours a week and have been on the job at least 12 months up to six weeks of unpaid leave when a child is born or adopted. Companies with 21 or more employees at a single work site must offer the leave. Minnesota is the *first state in the nation* to include fathers in such a plan.

Minimum Wage

Low minimum wages were a major contributor to child poverty. Under new state legislation, 145,000 to 200,000 minimum wage workers will have wage increases of 13 to 17 percent by 1990.

Tax Reform

Child poverty will shrink because 125,000 low income Minnesotans will no longer owe income taxes, and hundreds of thousands more will have taxes reduced.

Automobile Occupant Restraint

New state legislation amended the old occupant restraint law to impose a $25 fine on *any driver* failing to buckle children under the age of four years into child restraint seats.

Minnesota Pediatrician
Fall 1987

Senator Dodd. Mayor.

Mayor Perry. I want to say good morning again. And I want to applaud whoever changed the line-up and had us as panel 2 rather than panel 1, because I thought that those parents who spoke this morning were extraordinary. They made a very profound impression on me. And if I had gone first, I probably would have left and gone to the airport and flown back to Connecticut and would have missed that experience. So I am glad, and whoever changed the line-up, I want to say thank you very, very much.

I appear before you this morning on behalf of the United States Conference of Mayors, and on my left is Ms. Waxman, who represents the United States Conference of Mayors.

The Nation's mayors have long recognized the need for increasing the supply of safe and affordable child care in this country. We are pleased to have the opportunity to testify today in support of the Act for Better Child Care—legislation which would help us to make significant progress in meeting this need.

You are well aware, I am sure, of the growing need for day care in this country. Half of all the mothers with preschool children are in the labor force. In the next decade, the need for child care will continue to rise.

In 1979, there were 7.2 million children younger than 6 with mothers in the labor force; in 1987, there were 10.5 million; and by 1995, the number will rise to almost 15 million.

Day care facilities, of course, are able to serve only a small fraction of these children, and of course, many children older than 6 need day care.

The situation is even worse for low-income children. In 1981, federally assisted child care programs served only 472,000 of the 3.4 million children younger than 6 and living in poverty. By 1985, there were 4.8 million poor children in that age group, and less money available to serve them.

Research shows that lack of child care is a key barrier to employment for some AFDC mothers. Ninety percent have children younger than 12, and more than half had children younger than 6. Nearly two-thirds cited child care as the major difficulty in seeking, getting, and holding a job.

I know at the beginning, Senator Dodd also quoted these statistics, but I think it is worthwhile enough to have them repeated.

In the Greater Hartford Area, according to the Census Bureau, there are 62,700 children up to age 13 who are likely to need child care. There are, however, only 18,000 licensed or registered slots—enough to meet 29 percent of the demand. One out of every two children in Hartford is poor—a tragic fact which clearly complicates the ability of their parents to find child care.

When I ran for office, one of my slogans was that Hartford was the tale of two cities, and this is one of the disparities that is very critical.

The average cost of child care in Connecticut is $4,000 per year, $1,000 above the national average. Our State subsidizes child care, as funding permits, for families earning 55 percent of State median income and below. A family of three earning about $18,000 per year—just above the income limit—with two children in day care could pay nearly one-half of its total income for child care—considerably more than the 10 percent considered appropriate for a family in that income bracket.

And yet it must be recognized that our State government has done much to increase the supply of affordable day care. The State has raised the reimbursement rate to $75 per week for both family day, previously $30 per week, and center care, previously $45 per week. The corporate tax credit cap has been extended to $1 million for employers who subsidize child care costs for their employees.

Zoning laws have been changed so that family day care may not be barred from a residential neighborhood. Connecticut is one of only 18 States which served more children in fiscal year 1987 than it did in fiscal year 1981.

Despite all the best efforts of State government and local governments and the private sector, however, too many parents are unable to find safe and affordable day care for their children, and the lives of too many children are in jeopardy.

Our children need more help from the Federal Government, and they need it now. The Act for Better Child Care provides that help, and I commend you, Senator Dodd, for introducing it.

As I indicated earlier, the Conference of Mayors supports ABC. It would make child care more affordable for low- and moderate-income families. It would increase the number of child care facilities and qualified day care staff. It would improve the quality of day care services, help coordinate child care resources, and encourage a range of day care options so that parents can find appropriate services for their children.

There are several changes which we would like to see in the legislation, however, that is, the Conference of Mayors. Local elected officials and their governments must be involved in the State planning process and must have some say in how funds are used in their community. Mayors and city governments are frustrated by the current title XX programs. They often have no knowledge of how the funds are used in their cities or who is served with them. Often, cities provide funding, either from local revenues or Federal sources such as the Community Development Block Grant, that shrinks by the day. Yet they are rarely able to coordinate the use of these funds with that of the title XX funds.

Mayors and other local officials should be included in the State planning process and also on the national level in the advisory group that is mentioned in your legislation, so that local needs will be taken into account as funding and other decisions are made.

For larger jurisdictions, there should be a pass-through provision. Funds should go through the State to the local government and be spent according to a locally-developed plan. This would help to ensure that ABC funds meet local needs and are spent in a way that complements existing child care efforts in the city. All State licensing or other requirements would, of course, have to be met. The amount passed through would be determined by a formula. The Conference of Mayors is ready to work with you on the development of such a pass-through system.

ABC has an authorization of $2.5 billion, a reasonable amount of assistance given the shortage of affordable, safe day care today. With the current Federal deficit crisis, however, we know that the full amount of funds may not be appropriated.

If we do not get the full funding level, it may be necessary to phase in even more gradually some of the licensing, training and other requirements. Too often, State and local governments get saddled with well-intentioned Federal mandates, without the funds to implement them.

Despite these concerns, be assured that the mayors of America's cities support the ABC bill. We have a child care crisis in this Nation. ABC would go a long way toward resolving it.

I am honored to have had this opportunity to testify before you this morning, and I would be happy to answer maybe one question.

Senator DODD. Mayor, we thank you very much.

I don't know if this is your first appearance before a Senate committee in your official capacity as Mayor, but if it is, I am honored that it was before your junior Senator from Connecticut. So we thank you for being here this morning.

Let me just ask both of you one question that covers a few points. We have a vote on, so I'll try and get an answer from you quickly; if not, maybe I can submit questions to you in writing. Then, we will take a little break and I will get to the last two panels.

In terms of standards, let me just reassure you—in this legislation, we phase them in. If we are not going to be able to provide full funding, we are not going to be asking localities to do what has been done sometimes in the past, and that is authorize a program, mandate a lot of regulations, and then not provide the funding. So we guarantee you, we promise you that we are not going to saddle you with that. You can rest assured on that and report back to the mayors.

I'd like to know about the role of public schools in assisting with child care. Ed Zigler. from the Bush Center has been working on this. He inspired me to introduce legislation, cosponsored by Senator Durenberger—your Senator, Lieutenant Governor Johnson—to use our schools in a pilot program for afterschool care, preschool care, child care during the summer, and so forth.

I would like to hear your comments about the wisdom of that and the problems you see associated with that. That is question number one. Question number two focuses on the role of the private sector. Again, Mayor, you come from a city which has been well-known for its private sector involvement over the years. It has been very active. The insurance industry particularly has been very aggressive in supporting a lot of programs that are community-based.

What can the private sector be doing, in your minds—and if you would respond to that as well, Lieutenant Governor Johnson. You can help me on both those points.

Lieutenant Governor JOHNSON. On the issue of education, I feel very strongly that we must have a larger role for the school system. The more I have been involved in this issue in the last 5 years, the more I am convinced that the only way we are going to assure increased wages, that we are going to assure an institutional framework for this issue, is to have the schools more involved.

In Minnesota, half of our children go to schools that are currently offering an extended day program. That means morning and after school and during the summertime. It is all fee-based, and therefore, by and large, low-income children do not have access to something which they need more than most kids.

But I believe there is an increasing role there that has to be worked out and negotiated because there are some historical tensions between the child care community. But the more we know about childhood development, the more we know, I think, that the program has to be different—it can't be an academic program—but I think that institutional framework is critical if the funds don't come and go according to some political whim.

Nobody touches education, yet child care is like a football out there.

On the private sector, I think that the leadership of the corporate community is critical. And I really appreciate the panel that is coming after us and the role that they are playing in helping to talk about the issue.

I think there are many things they can do, from providing more relevant employee policies that make the role of being a parent and a worker more compatible, that reduce the shame that workers feel at being a parent; and I think in some cases, it works for employers to have employer-sponsored day care.

However, I do not believe it is a major part of the solution. I think that is very naive. We have only four corporate-sponsored day cares in Minnesota, and every one of them is looking for more public support after 3 or 4 years in business because it is an exorbitant expense on their part. To the tune of 40 percent, in most cases, they are subsidizing, and that is because they are paying their people similar wages to the rest of their workers, and they are on the insurance program and all of that.

So we have to look at that realistically, and I think the more we have corporate leaders involved in this discussion, the quicker we will get to recognizing the tremendous public policy commitment that must be made on the issue of caring for kids.

Senator DODD. Mayor, any comments on those points?

Mayor PERRY. Yes, I just want to piggyback on the Lieutenant Governor's last comment about the leadership that the corporate community has to provide in this whole area.

I am trying to mount a campaign back home to resurrect the Bishops——

Senator DODD. Yes. The Bishops were the leaders.

Mayor PERRY. Yes, all the chief executive officers of our large corporations and our banks, so they can be visible and also be supportive of this kind of legislation in a very real way.

We do have with the chamber of commerce a public sector/private sector relationship which is called the Hartford Partnership Act, and that relates to our educational system. In many instances, when you talk about whether the schools could be a part of this whole child care crisis, most certainly, we have used them, as you well know, for school readiness, for Head Start, and there is a great clamor in the community that after school, the schools be open and be available.

So there is this willingness in the community, and the kinds of things that are happening today need to happen in most of the communities across the State. And the leadership from the business community is very critical in saying that this is a crisis and that we are going to be very supportive of it. I never underestimate the need for symbolism and people making that front forward kind of movement in support of like the ABC legislation.

So this is going to be a very high priority for me back in the city of Hartford; and, so goes Hartford, so goes the State of Connecticut, as you know.

Senator **Dodd**. I agree with that, and you are right to point out that we have another panel coming. You are going to hear some excellent testimony from people like American Express and others, who are highly supportive of this particular effort. And your comments on the schools are also very worth noting. My bill calls for a model pilot program. We are going to try it in certain areas of the country and see how it works.

You have both been tremendous to be here and then wait. Some of my colleagues may have some additional questions to submit to you in writing. We'd like your response later on to guide us as we proceed with this process.

We want to thank both of you for coming and being here this morning. You are more than welcome to stay and listen to the remaining two panels of witnesses.

I have to go over and vote. We are going to take a 10-minute recess. When I come back, we will hear our last two panels for this morning.

Thank you very much.

Mayor **Perry**. It was our pleasure, Senator.

Lieutenant Governor Johnson. Thank you, Senator.

Senator **Dodd**. The subcommittee will stand in recess.

[Recess.]

Senator **Dodd**. The subcommittee will come to order.

Let me again express my apologies to those of you who have been waiting. But we have these votes coming on all the time. I thought we were going to have another one right away, so I waited a minute or so instead of coming back over here and then having to run back again.

Our third panel of witnesses are business representatives. Again I want to emphasize, obviously, the constraints of any hearing. You try to get a cross-section and a feeling from all representatives of the business community. This is not the last hearing we will hold on this issue, but we wanted to get some sense of priorities from the business community—which is so vitally important—at this hearing. You heard our last panel of witnesses mention this, and I happen to agree with them whole-heartedly. Any efforts in this area must involve the private sector. Obviously, there have been many examples already where people from the private sector have made significant contributions in the area of child care long before people were talking about Federal legislation or State legislation, for that matter.

Our panel this morning includes executives from small and large firms. We obviously look forward to hearing their comments on the role of business and how business and the public sector can work together in this particular area.

Harry Freeman is the executive vice president of American Express. His principal duties at American Express include corporate-level, worldwide responsibility for government relations, consumer affairs, media relations, trade issues, corporate communications, cultural underwriting and administration of the American Express Foundation. In his spare time, he has agreed to come and testify before us here this morning. He will focus on the interest American Express has in the issue of child care, and because his company has been one of the leaders in this arena, we look forward to hearing from him.

I understand you have a plane to catch right after your statement, so let me just quickly introduce our other witnesses, and then we'll get right to you, Mr. Freeman.

Sandra Salyer is the vice president of Mervyn's of Dayton Hudson Corp., in Hayward, CA. She has been with Mervyn's for the past 12 years. That is a soft goods retail business with over 200 stores in 14 States. Over the past several years, this store has contributed some $3 million to improve child care in the communities they serve. Given their commitment to the issue, we look forward to hearing her testimony about the roles of both government and business in this particular area.

Cheryl Smith is with Corporate Kids, in Kansas. She is the founder and executive director of a firm that advises other businesses on what to do about child care. Being a small business owner herself, she will pay particular attention to the role smaller firms can play in improving the child care picture. She is a member of the National Federation of Business and Professional Women's Clubs. She will also focus on what investment the small business community expects governments to make in improving child care across the country.

Lastly, Margaret Fitzgerald, vice president of Hill, Holliday, Connors & Cosmopulos, of Boston, MA. Did I pronounce that right?

Ms. **Eshoo**. You did, except the name is Martha Eshoo. Ms. Fitzgerald is not here today, and I am taking her place.

Senator **Dodd**. I am sorry. All right. Thank you.

Hill, Holliday is an ad agency employing 355 workers. Despite their relatively small size, they have a child care center located three blocks from their offices. As President of the board of directors, Ms. Fitzgerald would have—if you are going to be talking about her testimony——

Ms. **Eshoo**. Right. I am the Director of the center.

Senator **Dodd**. Right. So you will describe the reasons why it was set up and so forth.

With that, let's begin with you, Mr. Freeman. Again, we appreciate your being here with us this morning. We'll take your testimony, and we will submit some questions to you after you leave, knowing you have to depart.

STATEMENT OF HARRY L. FREEMAN, EXECUTIVE VICE PRESIDENT, AMERICAN EXPRESS CO., NEW YORK, SANDRA SALYER, VICE PRESIDENT, MERVYN'S OF DAYTON HUDSON CORP., HAYWARD, CA; CHERYL SMITH, PRESIDENT, CORPORATE KIDS, INC., OLATHE, KS, AND MARTHA ESHOO, DIRECTOR, HILL, HOLLIDAY, CONNORS, COSMOPULOS DAY CARE, INC., BOSTON, MA

Mr. **Freeman**. Let me summarize.

At American Express, provision of proper care for young children is a matter of supreme, bottom-line importance for us. I mean that quite literally, as I will explain.

Child care concerns us as a company because it is a major concern to our employees, and we have roughly 95,000. Like most American companies today, people are the most important thing. Most employees are working in offices, in urban environments of various sizes of buildings and various sizes of cities.

We believe that we have the best and brightest employees; every other company, obviously, does as well. Many of these employees are parents of young children, obviously and their spouses work also; others are single parents. Not surprisingly, these people are concerned about the adequacy of their arrangements for child care. To the degree they feel doubt on this score, they will worry. And no management expert that I know of recommends a fretful, distracted state of mind as an aid to professional development and greater productivity.

Working parents are the same everywhere, and that is what makes adequacy of child care a concern not just for American Express and its employees, but also for the country as a whole. It is a workplace issue that connects directly with the broad challenge that has been on many of our minds—that of national competitiveness.

This particular term may already be, perhaps, stale, but the problem it describes, unfortunately, shows no sign of withering away. If we are fully to maintain this Nation's economic vigor, then we must ensure that job-holding parents throughout the country go to work knowing, or at least with reasonable assurance, that their children are well cared for.

That is not the case now, and parental worries are taking a perceptible toll of our GNP. According to the Census Bureau, 6 percent of employed mothers say that they or their husbands have lost time from work because of problems with child care. In other studies, it has been an even higher percentage.

Now, when I say the economic toll will rise unless the child care picture improves, I am not just thinking of moral and absenteeism problems of working fathers; I am also thinking of the price extracted from the children, which is the future work force, our human capital.

Quality child care is, of course, available. One big problem is it is not uniformly available. The patchwork quilt of varying child care licensing standards that extends across the United States offers no security blanket to working parents seeking to relocate for promotion or other occupational reasons.

Throughout the country, we find widely divergent training requirements, and in all too many instances the pay of care providers does not match the importance of their responsibilities. Unless we get greater consistency of child care standards nationwide, we will inhibit the work force mobility we need to adapt to the structural economic changes that are apparent in every advanced industrialized Nation.

And I should add, the United States is now the only developed nation of which we are aware that does not have a national child care policy.

To call for greater uniformity of standards should not, however, be interpreted as a demand for rigid, centralized, Federal control of child care programs. In this policy area, as in so many, the expanse and variety of this Nation means that decentralized flexibility is required to accommodate the diversity of community needs.

As we see it, Federal efforts should aim at setting minimum nationwide standards, while giving localities incentives to go beyond and develop supplementary standards and programs tailored to their own communities.

A coherent and comprehensive national system of child care will demand the participation, skills and resources of many different parties, corporations such as mine, medium-sized business, small business, the parents, the educators, and Federal, State, and local governments. No single agency in the public or private sector can do this job alone.

My purpose in appearing here today is not to offer expertise about which specific legislation you should adopt. My purpose, I think, is more fundamental—to bear witness to the absolute necessity of taking some definitive action in this area as soon as possible. Whether from the microeconomic view of one company in the service sector, American Express, or from the macroeconomic view that looks to the country's future competitiveness overall, the United States needs child care services that are backed by minimum standards at the Federal level.

In conclusion, a few points.

One, when you get to elder care, I'd like to come back to testify, because that is something that is very much on our minds and our employees' minds.

Second, why do we feel strongly about these issues? The answer is that we have surveyed our employees—we continually survey our employees around the United States and abroad—but in the United States, we do this every year or two, whether it is in New York, our headquarters, or Arizona, California, Florida, wherever. We see what is on their minds and what is bothering these people. In fact, we can sell these surveys, we think, to the Presidential candidates—a dwindling market these days—because we survey people in every State as to their principal concerns.

The same themes come up very dramatically and very vividly. They are: child care, elder care, public education and quality public education, safety on the street, safety in public transportation. All of them are quality of life issues. They are not necessarily in that order every time, but it is always those issues that come back. And we, sitting there in senior management, say, okay, this has become a problem; this is no longer a problem that just the human resources people have to deal with or the other units; it has become a real management problem. The consciousness of senior management in my company and, I believe, many other companies who do the same thing, realize that we do have a problem here. And we are moving rapidly, I think, in our case—and many other companies are doing the same thing—to address this kind of workplace issue. These quality of life issues in a country where 75, 77 percent of the people are in the service sector, largely in office buildings, in towns and cities—this will continue to grow. We are trying to address it. We think that the cities, the counties, the States and the Federal Government should also address it.

Thank you very much.

[The prepared statement of Mr. Freeman follows:]

THE CORPORATE STAKE IN CHILD CARE

Testimony of
Harry L. Freeman
Executive Vice President
American Express Company

Before the
Subcommittee on Children, Family, Drugs and Alcoholism
United States Senate
March 15, 1988

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GOOD MORNING, LADIES AND GENTLEMEN. MY NAME IS HARRY FREEMAN, AND I'M EXECUTIVE VICE PRESIDENT OF AMERICAN EXPRESS COMPANY. I'M DELIGHTED TO BE SPEAKING WITH YOU THIS MORNING.

THE GERBER BABY FOOD PEOPLE USED TO SAY THAT BABIES WERE THEIR BUSINESS, THEIR ONLY BUSINESS. WELL, AT AMERICAN EXPRESS WE'VE NEVER HAD OCCASION TO MAKE A CLAIM ANYTHING LIKE THAT, THOUGH WE'VE BEEN INVOLVED IN MANY LINES OF BUSINESS IN THE 138 YEARS OF OUR EXISTENCE. NEVERTHELESS, PROVISION OF PROPER CARE FOR YOUNG CHILDREN IS A MATTER OF SUPREME BOTTOM-LINE IMPORTANCE TO US TODAY. I MEAN THAT QUITE LITERALLY, AS I'LL EXPLAIN.

CHILD CARE CONCERNS US AS A COMPANY BECAUSE IT'S A MAJOR CONCERN TO OUR EMPLOYEES. AMERICAN EXPRESS PRIDES ITSELF ON THE CALIBER OF PEOPLE WHO WORK FOR IT. THEY TRULY ARE, IN THE FINEST SENSE OF THE TERM, THE "BEST AND THE BRIGHTEST." NOW, MANY OF THESE EMPLOYEES ARE PARENTS OF YOUNG CHILDREN, AND THEIR SPOUSES WORK ALSO; OTHERS ARE SINGLE PARENTS. NOT SURPRISINGLY, THESE PEOPLE ARE CONCERNED ABOUT THE ADEQUACY OF THEIR ARRANGEMENTS FOR CHILD CARE. TO THE DEGREE THEY FEEL DOUBT ON THIS SCORE, THEY WILL WORRY. AND NO MANAGEMENT EXPERT THAT I KNOW OF RECOMMENDS A FRETFUL, DISTRACTED STATE OF MIND AS AN AID TO PROFESSIONAL DEVELOPMENT AND GREATER PRODUCTIVITY.

WORKING PARENTS ARE THE SAME EVERYWHERE, OF COURSE. AND THAT'S WHAT MAKES ADEQUACY OF CHILD CARE A CONCERN NOT JUST FOR AMERICAN EXPRESS AND ITS EMPLOYEES, BUT ALSO FOR THE COUNTRY A WHOLE. IT IS A WORKPLACE ISSUE THAT CONNECTS DIRECTLY TO THE BROAD CHALLENGE THAT'S BEEN ON MANY MINDS -- THAT OF "NATIONAL COMPETITIVENESS." THIS PARTICULAR TERM MAY ALREADY BE STALE, BUT THE PROBLEM IT DESCRIBES, UNFORTUNATELY, SHOWS NO SIGN OF WITHERING AWAY. IF WE ARE FULLY TO RESTORE THIS NATION'S ECONOMIC VIGOR, THEN WE MUST ENSURE THAT JOB-HOLDING PARENTS THROUGHOUT THE COUNTRY GO TO WORK KNOWING THEIR CHILDREN ARE WELL CARED FOR.

THAT IS NOT THE CASE NOW, AND PARENTAL WORRIES ARE TAKING A PERCEPTIBLE TOLL OF OUR GROSS NATIONAL PRODUCT. ACCORDING TO THE CENSUS BUREAU, 6 PERCENT OF EMPLOYED MOTHERS SAY THAT THEY OR THEIR HUSBANDS HAVE LOST TIME FROM WORK BECAUSE OF PROBLEMS WITH CHILD CARE. IN OTHER STUDIES, IT HAS BEEN ESTIMATED THESE PROBLEMS COST EMPLOYERS AN AVERAGE OF 8 WORKING DAYS EVERY YEAR FOR WORKING PARENTS WITH CHILDREN UNDER 13.

THAT COST IS SURE TO GROW UNLESS CHILD CARE OF ASSURED QUALITY BECOMES MORE READILY AVAILABLE. THE TREND LINE SHOWING MORE MOTHERS IN THE WORKFORCE HAS BEEN CLEAR FOR NEARLY FIFTY YEARS.

î IN 1940, LESS THAN 9 PERCENT OF MOTHERS WITH CHILDREN UNDER 18 HAD JOBS OUTSIDE THE HOME.

î BY 1985, THE NUMBER OF WORKING MOTHERS TOPPED 62 PERCENT.

î AND BY 1995, 80 PERCENT OF THE WOMEN BETWEEN 25 AND 34 WILL BE WORKING, AND 90 PERCENT WILL BE MOTHERS.

NOW, WHEN I SAY THE ECONOMIC TOLL WILL RISE UNLESS THE CHILD-CARE PICTURE IMPROVES, I'M NOT JUST THINKING OF THE MORALE AND ABSENTEEISM PROBLEMS OF WORKING PARENTS. I AM THINKING ALSO OF THE PRICE EXACTED FROM THEIR CHILDREN -- THE FUTURE WORKFORCE OF AMERICA. I DON'T HAVE TO BE DR. SPOCK TO TELL YOU THAT THE LEARNING, WORKING AND SOCIALIZING HABITS OF A LIFETIME ARE FORMED IN EARLY CHILDHOOD, AND FORMATION OF GOOD HABITS DEPENDS ON THE PROPER GUIDANCE -- BOTH IN AND OUT OF SCHOOL. IN AN ERA WHERE THE DUAL-INCOME OR SINGLE-PARENT HOUSEHOLD IS THE RULE, THAT GUIDANCE MUST BE AIDED BY HIGH-QUALITY CHILD CARE.

QUALITY CHILD CARE IS, OF COURSE, AVAILABLE. ONE VERY BIG PROBLEM IS: IT IS NOT UNIFORMLY AVAILABLE. THE PATCHWORK QUILT OF VARYING CHILD-CARE LICENSING STANDARDS THAT EXTENDS ACROSS THESE UNITED STATES OFFERS NO SECURITY BLANKET TO WORKING PARENTS SEEKING TO RELOCATE FOR A PROMOTION OR OTHER OCCUPATIONAL REASON. THROUGHOUT THE COUNTRY WE FIND WIDELY DIVERGENT TRAINING REQUIREMENTS, AND IN ALL TOO MANY INSTANCES THE PAY OF CARE PROVIDERS DOES NOT MATCH THE IMPORTANCE OF THEIR RESPONSIBILITIES. UNLESS WE GET GREATER CONSISTENCY OF CHILD-CARE STANDARDS NATIONWIDE, WE WILL INHIBIT THE WORKFORCE MOBILITY WE NEED TO ADAPT TO THE STRUCTURAL ECONOMIC CHANGES THAT ARE APPARENT IN EVERY ADVANCED INDUSTRIALIZED NATION. AND I SHOULD ADD, THE UNITED STATES IS NOW THE ONLY DEVELOPED NATION THAT DOES NOT HAVE A NATIONAL CHILD CARE POLICY.

TO CALL FOR GREATER UNIFORMITY OF STANDARDS SHOULD NOT, HOWEVER, BE INTERPRETED AS A DEMAND FOR RIGID, CENTRALIZED, FEDERAL CONTROL OF CHILD CARE PROGRAMS. IN THIS POLICY AREA, AS IN SO MANY, THE EXPANSE AND VARIETY OF THIS NATION MEAN DECENTRALIZED FLEXIBILITY IS REQUIRED TO ACCOMMODATE THE DIVERSITY OF COMMUNITY NEEDS. AS WE SEE IT, FEDERAL EFFORTS SHOULD AIM AT SETTING MINIMUM NATIONWIDE STANDARDS, WHILE GIVING LOCALITIES INCENTIVE TO GO BEYOND AND DEVELOP SUPPLEMENTARY STANDARDS AND PROGRAMS TAILORED TO THE COMMUNITY.

A COHERENT AND COMPREHENSIVE NATIONAL SYSTEM OF CHILD CARE WILL DEMAND THE PARTICIPATION, SKILLS AND RESOURCES OF MANY DIFFERENT PARTIES -- INCLUDING PARENTS, EDUCATORS AND BUSINESS PEOPLE, AND FEDERAL, STATE AND LOCAL GOVERNMENTS. NO SINGLE AGENCY IN THE PUBLIC OR PRIVATE SECTOR CAN DO THE JOB ALONE.

IN CONCLUSION: MY PURPOSE IN APPEARING HERE TODAY IS NOT TO OFFER EXPERTISE ABOUT WHAT SPECIFIC LEGISLATION YOU SHOULD ADOPT. MY PURPOSE IS MORE FUNDAMENTAL: TO BEAR WITNESS TO THE ABSOLUTE NECESSITY OF TAKING SOME DEFINITIVE ACTION IN THIS AREA AS SOON AS POSSIBLE. WHETHER FROM THE MICROECONOMIC VIEW OF ONE COMPANY IN THE SERVICE SECTOR, AMERICAN EXPRESS, OR FROM THE MACROECONOMIC VIEW THAT LOOKS TO THE COUNTRY'S FUTURE COMPETITIVENESS OVERALL, THE UNITED STATES NEEDS CHILD-CARE SERVICES THAT ARE BACKED BY MINIMUM STANDARDS AT THE FEDERAL LEVEL.

THE COST OF IMPROVING OUR CHILD-CARE CAPABILITIES WILL BE HIGH, I CAN ASSURE YOU. BUT THE COST OF NOT DOING THIS IS PROHIBITIVE -- BOTH IN TERMS OF OUR FUTURE QUALITY OF LIFE AND SHEER ABILITY TO COMPETE.

THAT'S MY BOTTOM-LINE MESSAGE FOR TODAY. THANK YOU.

# # # # #

Senator DODD. Thank you very much, Mr. Freeman.

Just one simple question. This comes up all the time. American Express made the decision to come involved in child care—let me make a statement, and you tell me if I am right or wrong. American Express made the decision to become involved in child care because it was a good business decision.

Mr. FREEMAN. That is absolutely right. I think it sounds nice to say it is a good citizen and so forth, and it is a good citizen, but our basic motive in child care is a bottom-line business decision.

Senator DODD. Thank you. That is a point that I think gets lost all the time in this discussion. Some imagine that people are doing this because, as I have described, it is sort of a VISTA program or a Peace Corps program—a nice thing to put out in an annual report as a do-gooder kind of program. But it has proven to be a good business decision for American Express.

Mr. FREEMAN. Productivity in our company, which is like most companies, people-intensive—we don't have large manufacturing plants or patents, particularly—I mean, you have to be concerned about the productivity of people. Productivity means what are they worried about. If they are worried about child care and some of these other things I have mentioned, then it becomes a bottom-line business issue, and you have an affirmative duty to your shareholders to act in that kind of situation.

Senator DODD. And it has proven to have been a good business decision?

Mr. FREEMAN. Yes. And we are doing certain things. We will be doing more. We are trying out certain things this year, and we will try out more next year.

Senator DODD. But bottom line indicates that it is working for the corporation?

Mr. FREEMAN. Yes, very much so.

Senator DODD. Very good. I know you have got a plane to catch. We thank you for being here.

Mr. FREEMAN. Thank you.

Senator DODD. Dana, I apologize. Dana Friedman is senior research associate with the Conference Board in the city of New York. She was a keynote speaker at a series of breakfasts on child care that I organized for chief executive officers in Hartford and Stamford several years ago. That goes back to when we first tried to develop some interest in child care among some of the major corporations in my home State. I am grateful to you for coming here again today to be a part of all of this.

Dana is a child care lobbyist who began focusing on the private sector a decade ago. She has been a consultant to companies in researching their child care needs ever since, so your testimony will be of particular importance. And I am sure you found the comments of Mr. Freeman interesting. At some point, we will hear from business witnesses who don't involve themselves in child care at all and anticipate what it is going to be like for them. I think it is always revealing that sometimes those witnesses are treated equally in terms of weight—the witness who is engaged in the practice who will say something, and someone who has not yet done it, but is frightened about what it is going to be like.

So I think it is important that people understand that I have advocated and said countless times that child care is a good business decision, and in his statement, Mr. Freeman emphasized that point.

To go back, Sandra, we are delighted to have you with us this morning.

All your statements will be included in the record, so proceed in any way you feel most comfortable.

Ms. **Salyer**. Thank you, Senator Dodd.

I am particularly happy to be here to testify on behalf of Mervyn's in support of the Act for Better Child Care Services.

As a company, Mervyn's became involved in child care through our contributions program approximately four years ago. We feel as a company that we serve four primary constitutions: our customers, our employees, our communities and our shareholders.

Unlike other companies, this issue first surfaced from our customers. We found that we had to manage our business differently to continue to serve our customers in the way they wanted to be served. The reason was that shopping was no longer a leisurely experience. Our customers were busy, they were time-constrained, and that was because they were working. So, child care surfaced as a major issue for our customers first, and obviously that same issue was very important for our employees.

In trying to address child care through our contributions program 4 years ago, I can best describe our efforts as haphazard at best. It was really the shotgun approach.

We have facilities in 14 States. We were trying to identify the needs in each of those communities in those States and, I think, became very, very frustrated with the process. We found that the services and child care delivery systems in our States varied dramatically, State by State, and I guess walked away feeling that we had a system—if you can call it a system—that was very fragmented and really was not doing what should be done in order to serve children and families in our country.

So for us to make any kind of difference at all with limited resources, we felt we really needed to focus our efforts. Obviously, there were some shining examples of wonderful programs, and that's where we first got started.

Over the years, our program has evolved, and we think that we are focusing both our dollars and our energies in those areas where we can make a difference. It is for this reason that we support the ABC legislation, because we feel that this bill does just that—focuses dollars and energies where they are most needed.

I guess first and foremost, ABC is a very systematic approach. I have already talked about the frustration of a fragmented system. And here, we are given an opportunity for a very systematic approach that builds an infrastructure that is absolutely critical if we are going to really address this crisis. It builds the infrastructure first by requiring States to develop their own child care plans—that is very important, and that is not happening in many of our States.

Second, it builds the State's resource and referral system. We think that this is sort of the base. You really need an R and R system in your State in order for the private sector to do anything meaningful. We have been hampered in many instances in some of our States that didn't have a strong R and R system, so we feel that that is one of the first critical steps.

If we move from this systematic approach and infrastructure and have all of this in place, then we can really address some of the issues that come up in any conversation about child care, and that is: affordability, availability, and quality.

On the affordability side, I think most of us would agree that subsidized child care is essential if we all believe in self-sufficiency for our families. This is an area, however, where the private sector feels that they can make little dent. I mean, it is almost impossible for us to really address this issue in a leadership way. We feel that government must take the lead on affordability, and we think that ABC is the vehicle to provide that leadership.

The second issue, availability in child care. We have heard today from several of our speakers about the supply and demand situation. The gap is really unbelievable, and it is sometimes frustrating to feel that you are going to make any difference in filling that gap. But we believe this act presents a very simple approach by providing grant and loan funds to increase supply and by recruiting family day care providers.

This is an area where Mervyn's has had considerable experience. We are involved with probably one of the largest public/private partnerships in the country, the California Child Care Initiative, a partnership with American Express and other corporations and Federal, local, and State funding, in recruiting family day care providers through the Statewide resource and referral system. This is a simple approach, it is easy to implement, and it has significant results. So we applaud this in this bill.

And lastly, and for us the most important issue, is quality. After 4 years, this is where we have decided to really focus all of our energies, efforts and dollars. This is our highest priority.

Research has shown the impact of a quality child care program on our country's investment now will save us millions of dollars in later years in a bandaid approach toward education, drop-out prevention, family counseling, crime, et cetera.

We simply cannot sacrifice quality standards, and we applaud the effort in this bill.

Beyond national quality standards, the other thing that we think is critical to the quality issue is training. Again, we are investing significant dollars through our contributions program in training providers. Not only does it have a direct result on quality, but it has a direct result on cost-efficiency.

So we applaud these key elements in the bill. We think this is the first move toward resolving what we consider a crisis in our country, and we will provide strong support for this act.

Thank you very much.

Senator DODD. Thank you very much, Sandra.

Cheryl Smith, thank you for joining us.

Ms. SMITH. Thank you, Senator.

I want to thank you for inviting me here today. I am a member of a number of organizations. BPW/USA, a business and professional women's organization, is responsible for me being here today. They asked me to speak in favor of this legislation because of my experience as a child care consultant.

I am also a member of a number of chambers of commerce, the NFIB. I was a 1986 delegate to the White House Conference on Small Business.

So I have heard both sides, the pros and cons, and belong to some groups that are not in support of this legislation. But I am here today to speak as a businessperson who is in support of the legislation.

I have carefully evaluated the different legislations that are proposed, and I support ABC because it will expand the availability of child care services by training new providers; it will elevate the wages paid to providers, resulting in higher quality care, and it will outline a means of creating standards that are uniform across the country. It encourages the expansion and formation of information and referral services where needed, and it will help a part of the population that I don't think business will ever be able to address.

I came to be involved in child care from a personal experience in that my husband and I had owned an interior design business for a number of years and were finding that we were having problems getting quality care for our 2½ year-old daughter, and the people who worked for us were having problems.

Most child care centers did not meet our schedules, and we were having interrupted projects, unhappy customers, frustrated employees. And when we really got to look at what the problem was, it all boiled down to child care.

The solution for us—although we certainly were not a major, large employer like American Express, but even for a small company—the answer was to purchase a building near our studio and create a day care center for our employees.

The major product that we received from this was that we had better employees. We saw their productivity increase, and we found that other designers were wanting to come to work for us because of the child care center.

After owning this center for a number of years, it led us to the belief that if we were experiencing these kinds of successes that other employers would want to experience them, too. That led to the formation of our company, Corporate Kids.

Our slogan that we have worked with is that: Parents who worry less work more. We truly believe that it is a good business decision for employers to become involved in their employees' child care needs.

There are excellent examples around this country. One that I think is critical is the example of Nyloncraft in Indiana. Nyloncraft is a small plastics company with only 250 employees. One year, they sent out over 900 W-2 forms, which meant that they had a turnover of three times for each job. What this really meant was that they had enormous training costs as well. They instituted an onsite child care center and in 1985, had 3 percent turnover. It helped their bottom line.

What it boils down to is that child care is a money issue, and many companies assume that child care costs more than it will return to them. They anticipate problems in finding people to run their centers or to use for R and R.

Corporate Kids tries to calm these fears and show how their productivity can increase. But after three years of marketing this program, it has been very slow, but we are beginning to find success. And we are having many employers starting to really look at this issue.

But I do not think that business can do it alone, and that is part of why I am here today. It will take a partnership. It will take a commitment from the government to take an active role.

First, there are not enough quality child care providers out there to meet the needs. This must be addressed. The information and referral system is so important in our urban areas that in many ways, it doesn't affect our rural areas. This problem is very acute in part of the rural areas of this country.

Hiawatha, KS is a small community near us with about 1,000 population. There, reliable child care is not a matter of choosing which center, or who, but who you can find who can keep your child.

I feel that the ABC legislation addresses this in providing funds for the establishment of centers in these types of communities and then providing funds to train the people within the community who are going to staff them.

A second problem that many businesses do not talk about but that they think about a lot is the quality of care being offered. And again, I want to use Hiawatha as an example. They had a tragic thing happen there a year ago. One home care provider was taking care of too many children, and she put an 18 month-old and a small baby in a bathtub and then went to check on some other children. The 18 month-old turned on the scalding water. The 18 month-old was able to get out, but the baby wasn't, and it lived 6 months in a horrible existence.

The problem in Hiawatha is that parents had to take what they could find. There was no training and there was no support system, as we have heard others say.

But where this affects business is every business that uses an information and referral will think about cases like this and wonder if the quality of care that they are suggesting and referring to their employees will be quality care, or will it affect their employees' children like this child in Hiawatha.

We need to deal with the situation of standards across this country, and the ABC legislation does address this.

Another point I want to make is that many States, like my State of Kansas, are looking at welfare reform. In Kansas, our legislature just past the "KanWork Program," which is basically welfare. What it is doing is setting up job training, and during this job training it is offering vouchers for child care, and it is creating a support system there.

One of the problems I see with this is that if we can't improve the wages of the child care providers, we are going to be training people for child care positions who do not pay much better than what they are getting on welfare. And when they get off welfare, they lose their health benefits. So it is kind of a vicious circle. There has to be something to elevate those charges.

Many States that do offer support to their low-income families don't offer it at a market rate. In Kansas, our SRS pays one-third the going market rate. What ABC says is to get funds for this that it will have to be a going market rate, and I think this will only help to elevate the child care providers 'salaries.

I want to address the Hatch bill for a minute, because I have reviewed it, and I do think there is a part of it that I would like to have incorporated with ABC, and that is the incentives to business. I think any incentive we can give for business to take action and to do something, the sooner the better, that that will only help the system across-the-board.

I go into some companies and corporations that have files this thick; they have studied child care for 2, 3, 4 years. They know it is something they need to get involved with, but getting them to make that decision takes a lot of persuasion. So I think any incentive we could give would help.

I do not feel the Hatch legislation goes far enough, and that is why I am supporting ABC. I feel that it is a start, but I think that it has to be a partnership between parents, between private industry, and between the government. I encourage you to support this legislation.

Thank you.

Senator DODD. Thank you very much.

[The prepared statement of Ms. Smith follows:]

CORPORATE
Kids
INC.

TESTIMONY TO

THE COMMITTEE ON LABOR AND HUMAN RESOURCES

SUB-COMMITTEE ON CHILDREN, FAMILIES, DRUGS AND ALCOHOLISM

ON

THE ACT FOR BETTER CHILD CARE SERVICES

BY

CHERYL SMITH
PRESIDENT, CORPORATE KIDS INC.

MARCH 15, 1988

Developers of In-House Company Child Care Centers
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Cheryl Smith, Testimony
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I want to thank Chairman Christopher Dodd and this Committee for allowing me to speak in favor of the Act for Better Child Care Services (S. 1885).

I am a member of a number of organizations with an interest in this issue. Today, I am here largely because BPW/USA, (The National Federation of Business and Professional Women's Clubs), of which I am a member in Kansas, asked me to lend my expertise as a child care consultant to your discussions. I am also a member of the Chamber of Commerce, The National Federation of Independent Business and other business organizations. In 1986, I was a delegate to the White House Conference on Small Business and have recently been appointed to the Advisory Board for the Midwest Region of the Small Business Administration. I know the arguments for and against this type of legislation. I am here because I want to let you know that there are business people like myself who support ABC.

My business is child care. I am the President of Corporate Kids, Inc., a company I began 3 years ago. My company advises businesses on establishing in-house day care programs for their employees. Our company slogan is "Parents Who Worry Less Work More". To me, day care is not just a matter of helping children. It is a matter of helping business attract and keep quality employees.

I have carefully evaluated the two major bills on Child care which are before the Congress -- ABC and The Child Care Services Improvement Act (S. 2084 and S. 2085) introduced by Sen. Hatch. I support the Act for Better Child Care for the following reasons:

1. It will expand the availability of day care services by training new providers and creating an influx of capital into the child care area.

2. It will elevate the wages paid to providers, resulting in a higher quality of care and more care givers.

3. It will outline a means to creating standards in this country, which are so very important to ensuring quality child care..

4. It encourages and expands information and referral where it is needed.

5. It will help populations who will not be helped by businesses -- minimum wage workers, those who work in small businesses, people who work in rural areas -- and by example and supply will encourage businesses to act.

This bill will provide some of the means to care for our children in a manner which is long overdue.

Senator Hatch's bill is a start in `this direction, but it does not finish the job.

Let me elaborate on my support for ABC and my reasoning. I got involved in child care at first, as an employer. My husband and I have owned an interior design business for the last 11 years. A few years ago, we found ourselves needing child care for our 2 1/2 year old daughter and the designers who worked for us who were young mothers. Child care was unreliable in our community, and what was available did not meet our work schedule. As the employer, we had to deal with this problem. We were having interrupted projects, missed appointments, unhappy employees and frustrated customers. The solution for us was to purchase a building a few blocks from our studio and turn it into a child care center. In this center, we were able to provide a program that our employees wanted and that met our needs.

We owned this center for five years. During this time, we started looking at the reasons we chose to get involved with our employees' child care. We were aware that the major reason was that it made our employees better employees. We were not seeing the stress, absenteeism, missed appointments and unhappy people we had dealt with before the child care center. An added benefit was that other designers were wanting to come to work for us because of our child care center We felt that our business improved because the productivity of our employees improved. We felt that if we were feeling this success, other employers would want to share in our success and experience the same benefits. Thus Corporate Kids, Inc. was formed.

We started marketing our concept in May of 1985. It has been a long and difficult road. While we have had many companies and corporations that are interested, concerned or just want information, we are finding much of business very slow to act.

The companies that have gotten involved with their employees' child care needs have reaped successes, and we share these stories with the companies that we visit. One such company is Nyloncraft in Indiana. Nyloncraft was having tremendous problems in turnover. They had only 250 jobs, but one year they sent out 900 W2 forms. This meant that each job had turned over 3 times. After investing in a child care center, in 1985 they reported only a 3% turnover. There are other examples and other companies that know that investing in child care benefits their bottom line.

But only 3000 businesses in America have become involved in the provision of child care. That is out of 6 million employers. Corporate America has not kept pace with the changing dynamic of work and family. They will not respond unless they see it in terms of self-interest.

It boils down to the fact that child care is a money issue. Many companies presume that child care will cost more than it will return to them. They anticipate problems in finding people to staff the centers or create the I&R service. Corporate Kids tries to calm their fears, and show how productivity increases when child care is provided. After three years, we are starting to find success. Our major clients are hospitals and nursing homes, but we are finding response in other fields as well.

Business will begin to do their share, but they cannot and should not have to do it alone. It will take the government taking an active role to become the partner in this issue. Like many other areas, if the government will lead the way, private enterprise will follow.

But, as business follows and helps employees more, they face problems. First, there are not enough quality child care providers out there to meet the needs. I and R services don't work when there is nothing to refer the worker to. That's why we work on on-site centers. But on-site is not the solution to every need. Especially, it is not the answer to the problems of school aged children, who don't go to school where the parents work, but where they live. Why aren't there more services? The field is poorly paid, for one. It is difficult to get and keep workers when the average child care worker is paid at minimum wage or less. Also, the funds have not been available to train providers.

This problem is especially acute in rural areas, like many in my home state of Kansas. I&R services that are so important in urban areas have little effect in small towns like Hiawatha, Kansas, population 1000. There, reliable child care is not a matter of choosing from lots of centers, its a case of finding any way to take care of your children while you work. ABC addresses these questions by providing federal funds to states to encourage them to establish low-interest loans and grants to start up and expand child care programs and allowing part of the funds to be used to recruit and train family day care providers. In a town like Hiawatha, that means that the local people get the training they need to set up a center and the money they need to fund it. From there, it can take over on its own.

A second problem that many businesses don't talk about, but believe me they think about, is the quality of the care being provided. Again, as our brochure says, "Parents who worry less work more". Part of that worry is finding day care at all. Another and more difficult part is finding quality child care. In Johnson County, Kansas, one of the richest counties in this country, if you need infant care you probably won't find it. If you need toddler care, you may find that in a center. School age care, you won 't find. Fifty percent of mothers, therefore, don't have a choice about where they leave their children. They leave them next door, or with the neighbor woman who takes care of everyone's kids, or alone. The problem now isn't that the kids don't have somewhere to go. Now its that the parents are worried about where they are.

Let me give you an example of the problem caused by quality of child care. In Hiawatha, Kansas, population 1000, there was a recent tragedy. As in many small towns, there is no day care center. Child care is provided by women working in their homes. These are women who make less than the minimum wage, and who have no training. They are the day care system in Hiawatha. And thank God they are there. One woman in Hiawatha had her own two children and probably too many others to watch. She put an 18 month old toddler and a baby 9 months old in the tub to keep them out of trouble while she was occupied with the other children. The toddler somehow turned on the hot water faucet, pouring scalding hot water on both children. The toddler could crawl out of the tub and did. He burned his feet, but was okay. The baby couldn't get out and was burned over most of his body. The child survived for 6 months before dying of those burns.

This is a tragedy, not only for that child, not only for that child care provider, but for all parents, all businesses and the system. While it was that woman's fault that she wasn't watching carefully enough, it is also the fault of a system that doesn't pay the child care profession enough, doesn't value the care of our children enough and doesn't check closely enough that we aren't putting providers and children in unsafe situations. We can't totally blame the woman or the parents for that child's death. We have to accept some responsibility for not solving the underlying problems.

And, that sort of tragedy underlines the second problem employers and employees face. Every parent who hears that story, every employer who provides I and R services, thinks at least once that maybe that could be their child or their employee's child. Those employees worry about their children. They worry that their child may be next. And parents who worry work less. We need to help them stop worrying by upgrading the standards of child care providers, their training and their wages. ABC does that, and makes some of the money available for helping providers meet the standards set. That is not only necessary, it is a responsible approach to the problem. These family providers don't want to provide low-quality care. But they will need our help to get up to standard.

We need to deal with quality for another reason. Low quality child care denies children a decent future. And those are our future workers. If we don't deal with this problem while these kids are preschool age, and give them the security of being well-cared for and a feeling of self-worth, our public schools and our businesses will deal with their handicap for many years to come. Therefore society will pay at some point.

These factors, and the much needed provisions for assistance with I&R services will help business provide more leadership in the child care area. But ABC also has important provisions for those business will never help -- parents who work for small companies at minimum wage or just above, single parents who are on one salary and can't make it alone, those in poverty. Because ABC provides specific funds for provision of financial assistance to low-income families, we will help those people. And, indirectly, we will help everyone. It will establish better wages by requiring that service be purchased at the going market rate, not one third below as in my home state. This legislation would send a clear message to young people who want to go into early childhood education that we value their chosen field. If ABC does not pass, we will be sending a message that the children of this country are not our most important asset and the caregivers will continue not to earn even a living wage.

This is a real problem, especially for low-income women. Many states are looking at welfare reform, such as the KanWork program just passed in Kansas. Our program takes women on welfare and trains them in a job to get them off welfare. The women in the program get child care vouchers to use for 9 months, during their training, to care for their own children. Many of the mothers are being trained as child care providers. The state uses these workers it trains to set up day care centers in the state to care for the children of state employees and as a way to provide places other welfare mothers can use their vouchers. It's a great idea, which meets many needs at once -- job training, child care for state employees, etc. But the rub is these women are paid minimum wage -- $3.35 per hour, and are charged if they bring their own children to the child care center in which they are working. It doesn't pay to go into the KanWork program and receive this training! This problems indicates our eternal circle -- low wages = low quality and low supply of workers = problems for employees finding quality child care = productivity problems for employers = lower profits, and so on. This must be stopped.

I feel that ABC is a start. I ask you to see this legislation as the first step in developing a partnership -- with parents, with providers, but most important with private industry in taking care of these kids. As with any partnership, it requires an investment in the beginning.

I also want to briefly address the Hatch bill. This bill also makes a start, but it is inadequate to the needs. The amount of money provided is not enough to even begin to address the problems our low-income Americans face. As a result, it will not have the long-range trickle up effects I outlined earlier. The bill is simply not the right way to proceed. I do, however, support the tax incentives for business contained in that bill. ABC could be improved by the addition of these incentives which would speed business efforts on behalf of their employees.

ABC is a vitally needed piece of legislation. It offers training for providers, encourages and expands I&R services where they are needed, outlines a means to creating standards necessary for quality day care and will improve the status of the industry. We need this legislation for business and employees, but most of all to provide some of the means to care for our children in a manner that is long overdue.

Senator DODD. Martha Eshoo.

Ms. ESHOO. I am here today, taking over for Margaret Fitzgerald, as she is busy beginning to deliver her second child. She is also enrolled in the day care center at Hill, Holliday.

I am the director at that day care center and have been there for the past year.

Hill, Holliday started a day care center to meet its employees' demands. It is the largest advertising agency in New England, with a population of 355 employees in Boston, and with employees in New York, across the Nation, and international as well.

The majority of the employees at the agency are female, and the majority of the senior vice presidents at the agency are female, too. So, when Jack Connors, the president, was faced with the day care issue, he immediately chose to open a day care center, not only to serve the employees' needs and to retain the employees he had, but also to make a statement. As an advertising agency president, he realized that it was important to be aggressive, look toward the future, and be a model, and that is what he is, at least in Boston.

The center is located three blocks from the agency, in a church. It renovated the basement of the church and the first floor and opened in October 1985, with 36 slots. Six children were enrolled in the beginning, and there are now 26 children, ages 2 months to 5 years, enrolled, with a waiting list for seven infant spots.

The focus for Hill, Holliday has always been to provide quality, to be a model center, and not to make too many demands on the budget at the agency for support. However, the agency supports the budget 60 percent, after having paid for the start-up costs, and looks to the employees to pay tuition which reflects fair market rate—that is decided by a survey taken of 24 centers in the area, both corporate and private, urban and suburban, and then we take an average and determine the value.

The parents at the agency who use the center are most upper- and middle-management parents. One of the reasons for that is that the average age at the agency is 29 years old, and the younger half of the agency works in the support staff. Most of them are secretaries. Of the parents who are secretaries—and many businesses use that as a recruitment technique to get secretaries to stay—the cost of day care, especially for infant care, in the city is very high, and at this time it is probably impossible for somebody on a support staff salary to pay that type of tuition.

The company benefits in the way that they anticipated to. Retention is the number one benefit for the agency. They have found that the mothers have stayed, as well as the fathers, who have their children enrolled there. Ten percent of the children enrolled are enrolled by fathers at the agency.

The company also enjoys seeing that parents have more flexible work schedules and are also under a lot less stress, because they know the quality of the day care center that their children are in; they are able to visit their children any time of day they want, including lunchtime, and that cuts down on stress for mothers of infants, because they know that they can see their child for as long as they want, and if they can fit it in, they can leave early, and it is not an hour commute to their home to get their child.

Hill, Holliday is an example in its role as a corporation who has provided this type of employee benefit, and it supports any effort to bring quality in day care to other families, as outlined in this bill.

Thank you.

Senator DODD. Thank you very much.

[The prepared statement of Ms. Fitzgerald requested by Ms. Eshoo follows:]

HILL.HOLLIDAY
Hill, Holliday, Connors, Cosmopulos, Inc., Advertising

3/9/88

Senate Subcommittee on Children,
Families, Drugs and Alcoholism

Testimony by Margaret Boles Fitzgerald
V.P., Dir. of Community Relations, Hill, Holliday, Inc.
President, HHCC Day Care, Inc.

Senator Dodd and distinguished colleagues:

I am here today representing an employer-supported child care center, HHCC Day Care, Inc. -- a wholly owned, non-profit subsidiary of Hill, Holliday Advertising, Boston, Massachusetts. I am also pleased to be testifying on behalf of a larger issue that affects employers and employees alike -- child care.

The provision of affordable, quality child care is not an employee benefit luxury; it's a necessity, as evidenced by the copious statistics, which you and countless others have pulled together concerning the number of mothers of young children out in or needed in the workforce, the number (and economic necessity) of dual income families, and the dramatic increase in single mothers.

Hill, Holliday's day care center was started as a complement to its young (average age: 29) employee workforce that, not surprisingly, was also becoming active in the area of child bearing and rearing. Since opening the near site center in October 1985, HHCC Day Care has seen enrollment increase from six to 26 children. As is true nationally, the greatest need at our company is for infant and toddler care. And there appears to be no indication that this baby boom will

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New York/London/Frankfurt/Paris/Hong Kong

let up in the near future. If anything, the company has committed to expanding its facilities to accommodate the evident trend among employees having a first, second, or even third child.

Our reason for opening a day care center (an idea generated from the office of the president, Jack Connors) was two-fold: First, the general company philosophy is pro-employee (our people are our product), buttressed by a creative, fast-paced, supportive, even family-like environment. This sense of family extends to the employee's real family. Providing the support mechanisms to enhance both work and home life is a natural extension of the company philosophy, and child care is one such support system. Second, the president recognized early on that the provision of child care would enable the company to offer an attractive and much-needed employee benefit that has inevitably come to the forefront (as a topic, at least) in Human Resource Departments at medium and large corporations nationwide. Not only would such a benefit serve the individual, it would also serve the best interests of the company for purposes of employee recruitment, retention, productivity and morale.

A survey of parents using the center did reveal that the day care center is, indeed, fulfilling a service to the company as well as the employee by providing an incentive for employees with young children to start and to stay. Additionally, because of the quality of the program and the proximity of the center to the workplace, the center provides an additional, immeasurable value of less stress on the job.

HHCC Day Care does charge tuition that is competitive with fair market value. Even so, quality day care as an affordable employee benefit is heavily subsidized by the company, with close to 60% of the operating costs (and 100% of the start-up costs) being funded by Hill, Holliday.

A company's involvement in child care is an expensive proposition -- as is the offering of most any employee benefit. However, this particular benefit is costly (especially in an urban setting) because of strict but important state regulations for the square footage and the number of staff required per child. At the same time, the benefit must be offered at such a cost so tuition does not override the expense of coming back to work. In other words, there must be enough financial value for a parent to return to work; day care costs and salaries cannot meet at a break-even point.

Hill, Holliday seems to be an exception rather than rule. Most companies cannot or will not, at this time, take on the financial burden that child care as another employee benefit brings with it. At the same time, these same companies resisting inclusion of child care assistance are also dependent on a strong pool from which to draw employees -- of which working mothers and fathers are a critical segment. Bill S. 1885 represents an important step toward making child care a plausible, possible benefit for the companies or organizations tackling this cost/benefit dilemna. Federal (and state) funding is a necessity if this country is to see an increase in the number of child care programs, first of all, and affordable programs, second of all. To offer one without the other will result in either a) programs that serve only upper middle and upper classes or b) programs that have substandard levels of quality. Neither end result serves the U.S. economy.

Hill, Holliday would support Bill S. 1885, recognizing its ultimate goals of strengthening the workforce, improving the individual's standard of living, lowering unemployment, decreasing the population's dependence on a welfare system, and - more intrinsically - improving upon who and how our children are cared for.

# # #

Senator Dodd. Dana Friedman, thank you for being here.

Dr. Friedman. Well, I would like to congratulate the subcommittee and particularly you, Senator Dodd, for your leadership on this issue and exploring it in these very innovative ways.

Millions of men and women are going to work each day carrying in their lunch pails and briefcases the right amount of private guilt, the proper level of subdued expectation, and the perfect amount of stress which serves as the fulcrum in what we call "balancing work and family life". This stress can and is having a crippling effect on both our families and our economy. It is one of the most pernicious and unrecognized causes of America's productivity problem.

For this reason, among others, child care is not just a social issue, but an economic issue; it is not just a government concern, but one for business as well.

The legislation being addressed today, ABC, is an attempt to recognize these dimensions of the child care problem and society's collective responsibility to solve it.

I would like to focus on a couple of things that business is doing to address the Nation's child care problems and share some perhaps implications for the ABC legislation.

What do we know employers are doing in child care?

Who knows, but there are an estimated 3,300 employers providing some for of child care support. We don't yet have a list. Among these, it is estimated that about 200 of the 3,300 are companies with on- or near-site day care centers; about 500 hospitals sponsor centers, and 50 government agencies do.

But a growing number, and an increased number than those providing centers, are offering referral assistance—about 800—and probably half of the 3,300 companies providing child care support do so through the dependent care assistance plan and a flexible benefits account.

Essentially, employer efforts have in some way addressed the four primary components of the child care delivery system—accessibility, affordability, availability and quality.

In terms of greater access to child care services, the primary outcome of company efforts have been to provide resource and referral services. I think we know that with R and R support, a parent's search for care is less frustrating and time-consuming, and as wiser consumers, they presumably pick better quality care, if indeed it exists.

Corporate funding helps referral agencies expand their capacity to serve the community at-large. Companies, however, often question the need to pay for a service their employees could obtain from the phone book. In response to this concern, referral agencies offer services to employees of client companies that may not be available to community residents. Yet, parents whose employers do not provide such support may be those in greatest need.

This is a dilemma that tugs at the roots of the child care delivery system: the two-tiered system of support that clearly favors people with higher incomes and, of late, those with corporate support.

Government support for R and R could help minimize this inequity. For instance, in Portland, OR, where the local referral agency does not receive any government support, only parents of corporate clients have access to that community's referral service. This is what I think we are trying to avoid.

In terms of more affordable care, the outcome of company discount programs, voucher plans, and flexible benefits—employees can save maybe $500 per year—what we are finding is that clearly, companies are favoring the flexible benefits approach because it is Uncle Sam who is paying the bill. In terms of vouchers, direct subsidies provided for employers, we are not finding more than 40 or 50 in the country that do so.

This is starting to change a little bit as the labor market tightens, particularly in female-intensive service jobs. Companies are beginning to offer direct subsidies to their part-time help and minimum wage employees as a recruitment effort. Burger King in Albany, NY offers free child care for their restaurant workers. In this case, corporate support for child care not only determines where parents work, but whether they work at all.

Very few company initiatives directly help those in greatest need, mainly because this population does not work for the larger corporations that are in the forefront of the child care movement.

I just want to make the point that I don't think it is just the affluent, however, who are benefiting from company support. Referral services are available to all employees; flexible benefits are still helpful to those whose family incomes exceed $20,000, and one can hardly call a family of four with $20,000 affluent.

External corporate support, through contributions to local services, can also benefit all families in that community.

In terms of increasing the supply of care, we are finding a lot of companies like IBM, who led the way, and several others who have national contracts and referral services building in a supply-building capacity. It is futile to think that you can refer employees to programs that do not exist. You have heard about American Express and Mervyn's and the efforts of BankAmerica in California, which have focused on expanding family day care.

In terms of day care centers, we are starting to see a little bit of growth again, largely among developers. In some cities, like San Francisco, they are required to provide some space for child care or to contribute to a child care fund. But even some of the larger corporations who, 4 or 5 years ago, said they would have nothing to do with child were and were not in the business of child care, they always said, and provided referrals or financial assistance are reconsidering their commitment to the center option. In some cases, even multi-site employers are considering several centers, in part because they recognize the supply problem for what it is—critical to anything else they do in the child care field.

One problem company-sponsored centers face—and I think we just heard about it at Hill, Holliday—is the need to provide high-quality care. As a result, tuitions may be too high for low wage earning employees of the sponsoring company. The on-site center then becomes a discriminatory benefit, unless the center is subsidized or scholarships offered.

In terms of the quality of care, in part this has been addressed by the companies' efforts to provide good quality center that they know are going to be very visible, that they are concerned about its liability, and obviously, employee satisfaction. Efforts through referral programs have also sought to train providers.

I think corporate contributions to local child care programs can make a big difference in the quality of equipment and facilities. Recent Conference Board surveys indicate that while social service funding has been decreasing slightly within corporate contributions, education funds are the ones that are increasing. There has been an exorbitant increase in the provision of in-kind donations.

Finally, corporate scrutiny of the child care system is perhaps the most positive byproduct of business attention to child care. Funds are rarely available at the community level to analyze gaps in services. A company's decisionmaking process for child care usually entails a community needs assessment that is often shared with community leaders. Company funding of R and R services, with the opportunity and capacity to conduct such assessments, would analyze the match between parent needs and supply care and can also address this need. I think these efforts enable companies to add a much-needed planning function to the child care delivery system.

I think it is important to point out that, given the relatively small number of employers providing child care support and the low utilization of most employer programs, the vast majority of working parents somehow find and pay for child care within assistance from their employers.

In order to better understand the needed fit between business and government support, it may be important to understand why the majority of employers have not yet responded to child care.

Despite more than a decade of conferences and research reports, media coverage and exemplary corporate models, many employers do not recognize the need for child care support, or perhaps don't understand the various ways to respond.

There is an obvious need for information and technical assistance. But I think more upsetting is the attitudinal problem that sometimes exists and is difficult to address by legislation. Many firms do not believe it is appropriate for them to address family concerns. They are accustomed to a corporate culture that demands that employees keep their personal problems at home.

Now, despite the fact that there is nobody at home, employees are reluctant to raise child care issues at the workplace, for fear they may be risking their jobs—and indeed, in many industries, they are.

Since senior decisionmakers are not likely to have had personal experience with child care, and they do not hear about it from their employees, they often remain insulated from the problem and unmotivated to solve it.

A deeper attitude problem emerged in the survey of 10,000 employers in New York State that we conducted for Governor Cuomo and his Commission on Child Care. Many of the write-in comments indicated their feeling that, since having a child was a personal decision, they saw no reason for the public, either government or business, to take responsibility for the child. The question of when a personal problem becomes a public responsibility is at the heart of society's ambivalence to child care support.

One cannot minimize the problems associated with the cost, the liability and equity that most employers raise as they consider child care involvement. With proper information and advice, I think these issues can be addressed, and I consider them perceived problems in child care support.

A larger problem may relate to the preferences of companies for various child care options, since most employers seem to be following the path of referral services or flexible benefits, which means helping their employees find care or pay for care. The business community essentially wants to build on existing services, and there must be a base of services upon which to build.

That is why child care is an area ripe for public/private partnerships. If government were to create an infrastructure for the child care delivery system and provide some direct supports for the very low-income families, which I think this bill tries to do, then business will fill in the gaps.

If one observes the geographic concentrations of employer-supported child care across this Nation, you cannot help but notice that there is more activity where there is a healthy economy and where there is already a base of child care services.

In conclusion, America's employers are becoming an important part of the child care landscape, but in my view, it would be a mistake to think they are in a position to unilaterally make quality child care affordable to the majority of working parents.

The experiences of the 3,300 employers who have already responded to the child care problem, I think provides the strongest evidence for the need for continued government support.

Thank you.

[The prepared statement of Dr. Friedman follows:]

The Conference Board

TESTIMONY BEFORE THE SENATE SUBCOMMITTEE ON

CHILDREN, FAMILY, DRUGS & ALCOHOLISM

MARCH 15, 1988

BY

DANA E. FRIEDMAN

SENIOR RESEARCH ASSOCIATE

WORK AND FAMILY INFORMATION CENTER

THE CONFERENCE BOARD

I would like to congratulate the Subcommittee and, in particular, Senator Dodd, for exploring the issue of child care. Millions of men and women are going to work each day carrying in their lunch pails and briefcases the right amount of private guilt, the proper level of subdued expectation, and the perfect amount of stress which serves as the fulcrum for what is called "balancing work and family life." This stress can have a crippling effect on both families and our economy. It is one of the most pernicious and unrecognized causes of America's productivity problem. For this reason, among others, child care is not just a social issue, but an economic issue. It is not just a government concern, but a business concern. The legislation being addressed today, the Act for Better Child Care, is an attempt to recognize the dimensions of the child care problem and society's collective responsibility to help solve it.

I would like to focus my remarks on the role of the business sector in addressing the Nation's child care problems. By sharing some of the experiences of companies that currently provide child care support to their employees, I hope to raise some implications for the ABC legislation.

What are Employers Doing in Child Care?

There are an estimated 3,300 employers providing some form of child care suppport to their employees. For the most part, these firms tend to be in the high growth industries, such as banks, insurance companies and hospitals in the service sector, and high technology firms. But other businesses, such as retail firms have recently become involved in child care because of their difficulty recruiting female workers. Among the 3,300 employers providing child care support, about 200 corporations, 500 hospitals, and 50 government agencies sponsor on- or near-site child care centers. At least 800 companies offer information and referral services to their employees. Perhaps 1,500, or nearly half of all companies providing any form of child care support, do so through dependent care accounts in the firm's flexible benefit plans. Employer efforts have in some way addressed the four primary components of the child care delivery system: accessibility, affordability, availability, and quality.

Greater access to child care services has been the primary outcome of company efforts to provide resource and referral services. These services may be provided through (1) an in-house referral service or a contracted service with a community-based child care referral agency; (2) seminars, support groups and handbooks on choosing quality care; or (3) caregiver fairs, where local agencies come to the workplace to describe their services. As a result of these initiatives, a parent's search for care is less frustrating and time consuming. Because of their increased knowledge about the range of programs available, parents are likely to choose care of better quality and stability. With more appropriate care chosen, there is less likelihood for the need to change arrangements and to repeat the time-consuming search for care.

Corporate funding helps referral agencies expand their capacity to serve the community-at-large. Companies, however, often question the need to pay for a service their employees could obtain from the phone book. In response to this concern, referral agencies offer services to employees of client companies that may not be available to community residents. Yet, parents whose employers do not provide such support may be those in greatest need. This is a dilemma that tugs at the roots of the child care delivery system: the two tier system of support that clearly favors people with higher incomes. Government support for resource and referral services could help minimize the inequity. For instance, in Portland, Oregon, where the local referral agency does not receive government support, only parents of corporate clients have access to referral services.

More affordable care is the outcome of company discount plans, voucher programs and flexible benefit plans. Employees can reduce their child care costs by as much as $500 per year with these forms of corporate financial assistance. Most companies offer support through flexible spending accounts, using salary reduction as a way to fund dependent care support. This option is provided mostly at the expense of the Federal government and, for this reason, is more popular than the voucher, which is a direct subsidy to parents offered by fewer than 50 companies. However, as the labor market tightens, particularly in female-intensive service jobs, companies are beginning to offer direct subsidies to their part-time help and minimum wage employees as a recruitment effort. Burger King in Albany, New York offers free child care for their restaurant workers. In this case, corporate support for child care not only determines where parents work, but whether they work at all.

Very few company initiatives help those in greatest need mainly because this population does not work for the larger corporations that are in the forefront of the child care movement. However, it is not just the affluent who benefit from company support for child care. For instance, referral services are available to employees at all salary levels. Flexible benefits can be helpful to those whose family incomes exceed $20,000. External corporate support, through contributions to local services, can benefit all families.

The increased supply of child care has occurred through the efforts of several major corporations that recognized the availability of care as the most serious shortcoming of the child care system. Without sufficient child care services, company efforts to help employees find or pay for care can be futile. IBM added a resource development component to its referral system for this reason. All corporate clients of Work/Family Directions now help develop new services while referring their employees to local programs. American Express has contributed $1 million to increase the supply of family day care in about ten major cities. The Child Care Initiatives Project, spearheaded by Bank of America, accomplished a similar goal by funding California referral agencies to recruit and train new providers. In 1987, over 600 new family day care homes were begun for California parents.

The creation of day care centers is a less popular option for employers. However, some exceptions have emerged within the past two years. First, developers are interested in offering child care as an amenity in office parks. Smaller companies then have access to an on-site center for their employees. Secondly, several major employers about to relocate are encouraging site developers to include plans for a child care center. In some cities, like San Francisco, ordinances require commercial facility developers to build child care centers or contribute to a child care fund.

Some of the larger corporations that began providing referral services several years ago recognize the supply problem and have begun to reconsider the day care center option. In some cases, multi-site employers are considering several centers to address their needs in various locations.

One problem company-sponsored centers face is the need to provide high quality care. As a result, tuitions may be too high for low wage-earning employees of the sponsoring company. The on-site center then becomes a discriminatory benefit — unless the center is subsidized or scholarships offered. A few employers have tackled the supply problem for sick child care, but other initiatives such as in-home nursing services, hotlines, or time off seem to be more popular approaches to this problem.

The quality of child care has been addressed by companies sponsoring day care centers because of concerns about employee satisfaction, liability and the visibility of the centers to the public. Another way to address quality considerations is to offer training to caregivers. The efforts to stimulate supply have incorporated a training component for new providers. However, they do not address the major impediment to improving quality: the low wages and benefits paid to child care workers. When a company considers employees of their day care center as employees of the company, caregivers usually receive higher wages and benefits than they would in a community-based center.

Corporate contributions to local child care programs can make a big difference in the quality of equipment and facilities. Conference Board surveys indicate that social service funding has been decreasing slightly over the past few years (while education funds have increased). There has, however, been an increase in provision of in-kind donations. Part of the difficulty for companies in funding individual child care programs is in evaluating and selecting deserving agencies. A well-orchestrated effort on the part of local child care providers or agencies such as United Way, might alleviate this problem.

Corporate scrutiny of the child care system has probably been the most positive by-product of business attention to child care. Funds are rarely available to analyze community resources and to identify gaps in service. A company's decision-making process for child care usually entails a community needs assessment that is often shared with community leaders. Company funding of resource and referral services provides agencies with the opportunity and capacity to conduct such assessments or to analyze the match between parent needs and the supply of care. These effort enable companies to add a much needed planning function to the child care delivery system.

Companies with experience providing child care support have come to realize that nothing they do will solve every employee's child care problem. At the same time they also realize that anything they do as a supportive employer in this area will be greatly appreciated. To the individual family, employer-supported child care makes a difference. However, given the relatively small number of employers providing child care support and the low utilization of most employer programs, the vast majority of working parents somehow find and pay for child care without assistance from their employers.

To the community, employers have made a difference when support has been forthcoming in the form of corporate contributions to locally-based programs and when company-sponsored programs are opened to community residents. The important planning function they provide has clearly improved the efficiency of the child care market and provided critical data for more effective advocacy.

In order to better understand the needed fit between business and government support for child care it is important to elucidate why most employers have not responded to their employees' child care needs. Despite more than a decade of conferences, research reports, media coverage and exemplary corporate models, many employers do not recognize the need for child care support or do not understand the various ways to respond.

In addition to the need for information and technical assistance, an attitudinal problem sometimes exists that is difficult to address by legislation. Many firms do not believe that it would be appropriate for them to address the family concerns of employees. They are accustomed to a corporate culture that demands that employees "keep their personal problems at home." Despite the fact that there is no one at home, employees are reluctant to raise child care issues at the workplace, for fear that they may be risking their jobs. Since senior decision-makers are not likely to have had personal experience with child care, and they do not hear about it from their employees, they often remain insulated from the problem and unmotivated to solve it.

A deeper attitude problem emerged in a survey of 10,000 employers in New York State, many of whom commented that, since having a child was a personal decision, they saw no reason for the public -- either government, or business -- to take responsibility for the child. The question of when a personal problem becomes a public responsibility is at the heart of society's ambivalence toward child care support.

One cannot minimize the problems associated with cost, liability and equity that most employers raise as they consider child care involvement. With proper information and advice these problems can be addressed. A larger problem may relate to the preferences of companies for various child care options. Since most employers seem interested in helping employees find or pay for care, there has to be such care available. In other words, in large measure, the business community wants to build on existing services and there must be a base of services upon which they can build.

This is why child care is an area ripe for public-private partnerships. If government were to create an infrastructure for the child care delivery system, and provide some direct supports for very low income families, then business could help fill in the gaps. If one observes the geographic concentrations of employer-supported child care, one cannot help but notice that there is more activity where there is a healthy economy and where there is already a base of child care services.

In conclusion, America's employers are becoming an important part of the child care landscape. But, in my view, it would be a mistake to think that they are in a position to unilaterally make quality child care affordable to the majority of working parents. The experiences of the 3,300 employers who have already responded to the child care problem provide strong evidence of the need for continued government support.

The above remarks represent the views of the speaker and are not those of The Conference Board which does not advocate nor support specific legislation.

Senator **Dodd**. Thank you, and I want to thank all the members of the panel for their excellent testimony.

First, Senator DeConcini, who was not able to be here this morning, has a statement that will be included in the record.

[The prepared statement of Senator DeConcini follows:]

Dennis DeConcini

Statement of Senator Dennis DeConcini
before the Senate Labor Subcommittee on
Children, Family, Drugs and Alcoholism
Hearing on S. 1885,
the Act for Better Child Care Services
March 15, 1988

Mr. Chairman, first let me thank you for scheduling early hearings on this most important issue to America's families and future. Your leadership is to be commended. It is my sincerest hope that the Senate will be able to act in the same expeditious fashion on the child care crisis this session. I am convinced that this Subcommittee can forge a strong bipartisan solution and am equally confident that it can be accomplished before the end of this legislative session.

It's been said, and rightly so: This nation is in the midst of a child care explosion. Today two-job couples are the rule rather than the exception.

We've seen some dramatic changes since the 1950s. Back in 1950, 12 percent of America's mothers with children under six years of age were part of the work force. Today the number of working women with preschool children has more than quadrupled. Survey the women in America and you will see that over half--52 percent--are making this same decision: They are returning to work before their child's first birthday. Their numbers are only going to get bigger. By the middle of the next decade, two out of every three preschoolers are expected to have mothers who work outside the home.

With both mother and father away at the office or store or factory, the question of who will mind the children grows more and more troubling. This nation's child care crunch has reached the crisis stage.

Across this country we see city after city where child care demand exceeds supply. In Des Moines, Iowa, for example, the number of children needing child care is 47,000. Des Moines' child care facilities can accommodate only one-fourth of these children.

Meanwhile, the waiting lists at our good child care facilities grow longer. Parents apply for spots months before their children are born--or even earlier. At the Empire State Center in New York, a woman attorney put in her application a week after she became engaged to marry. The Jeanne Simon Center in Vermont has a folder of applications labled "preconception."

Our child care costs are soaring. In 1984, these costs took nearly a third of the average American family's income. Twenty years ago child care costs took only about one-tenth. At the same time, we simply do not pay our child care workers adequate salaries. In 1986, two out of every three providers had annual earnings below the poverty line. It's no wonder we have a high turnover in our child care centers.

Not only is there an inadequate supply of child care services in America today, there is a grossly inadequate supply of quality and affordable day care. No parent should have to spend his or her entire working day wondering if his or her child is in good hands, whether the child is being well fed, whether the child is being abused.

The bottom line is that good, affordable child care is becoming a critical national need. In some cases, when that need is not met, the result can be tragic.

In Brooklyn fire broke out in an unlicensed child care center. The provider was looking after more children than state standards allowed and could not get them all to safety. A 2-year-old and a 4-year-old were killed. Tragically, those two children have not been the only victims of a child care system that often does not measure up to the mark.

What we see emerging is a two-tier system in which the rich can afford quality care, and everyone else must settle for less. A young single mother in Chicago has been through four sitters in six months. Two proved too expensive. One turned out to be too careless, and the fourth robbed her.

This young woman's story makes us take notice that our society simply has not provided adequate alternatives to many parents. Pure and simple, we need to reorder our national priorities. We need to make quality child care available, and we need to make it affordable--especially to those parents and children who are most in need.

I like to be viewed as a person who practices what he preaches. Five years ago my wife Susan and I helped establish an on-site child care center for children of any U.S. Senate employee, from cook to clerk to chief of staff. It began with a one-time only startup fee of $20,000 taken from the U.S. Senate budget. Today that center is thriving. I'd like to give businesses in this country the same incentive. I've introduced a bill in the Senate that would provide a one-time tax credit to employers to help them establish child care centers either at their place of work or nearby. I emphasize this is a one-time only startup credit and could never be used for ongoing or operating expenses. These centers would have to pay their own way. I've also sponsored legislation--which should become law--to promote on-site child care centers in Veterans' Administration centers around the country.

The good news is that our child care crisis has now attracted the attention of the 100th Congress and the Administration. We now have no less than 138 bills pending in the House and Senate, including the ABC bill this Subcommittee is currently considering, and most of these bills are much more comprehensive than the bills that I have introduced. I hope that this Subcommittee will seize this opportunity, while it exists, and move a bipartisan measure before it is too late in the session.

Mr. Chairman, I am proud to be a cosponsor of the Act for Better Child Care Services,and believe S. 1885 forms a solid foundation upon which the Senate can craft a bipartisan solution to deal effectively with our current crisis. I am also a cosponsor of alternative child care bills, including Senator's Hatch's bill, S. 2084. Both S. 1885 and S. 2084 are positive contributions in the effort to aid the American family.

We are on the threshold of the 1990s. In the coming decade we will see more and more of America's mothers joining the work force. What better investment can we make than to help provide good beginnings for our children through quality, affordable child care? America's children--they are our best hope for the future, our leaders of the 21st century.

Mr. Chairman, thank you again for the opportunity to address this vital issue of concern to our American families and children.

Senator Dodd. I want to thank all of you for being here.

I have a couple of questions for all of you. There may be some additional ones as well that will come up and I will submit those in writing rather than hold you all here for a long time.

Let me begin with you, Sandra, if I may. Why did your store decide to contribute to local child care services rather than give your employees a benefit and let them go out and do it? Why did you make that decision?

Ms. Salyer. To begin with, I think we tried to balance the needs of the four constituents—the communities, the customers, the employees, and our shareholders.

We feel that we are serving our employees by building supply and by improving the quality of child care and making resource and referral available to the community, which indeed transfers and is available to our employees.

Senator Dodd. How did your employees react to that? Was that considered to be acceptable to them?

Ms. Salyer. Yes. We are doing some other things. We have got benefit issues and other things that we are doing for our employees. But we have had a whole series of work/family conflict issues, which results in three working parent task forces in different States. Those working parent task forces came up with recommendations to senior management on the kinds of things they would like to see the company do. And it was interesting, because they worked autonomously, but they ended up coming up with almost the same recommendations which, in essence, were they identified five priorities. Three of them were benefit issues, which we are able to address; the fourth one was to have an in-house resource and referral, which we have not been able to address. And the other was that, through our community involvement program, we make a major commitment to child care issues and that we be very visible about it, which we have been able to address.

Senator Dodd. Let me ask Dana to jump in on this, because I was curious—tax incentives are not a new idea in this area. There have been tax incentives for child care for some time. Let me just ask you whether or not the tax incentive is a beneficial. Do you see that as something that would be of particular help to Mervyn's? And then, I'd like you to come back, Dana, and tell us of your surveys. Why is it that we have not seen more people taking advantage of the existing tax incentives out there, and what makes us think they are going to take advantage of them now?

Ms. Salyer. Well, the proposed tax incentive, as I understand it, primarily relates to on-site child care which, for us, is just not an incentive. We have 45,000 employees, 204 stores, 4 distribution centers, 3 headquarters facilities, and because of equity to our employees, we would not want to just have one on-site center, and it is obviously impossible to have a center in all locations.

The other concern that we have, quite frankly—and I applaud companies that have on-site centers—but if, for instance, we were to provide an on-site center for our headquarters employees, in our view those are probably the employees that least need the service. They tend to be the higher-paid employees as opposed to those who are working in the stores, who probably really do need the service. So it is just not an incentive for us.

Senator Dodd. Would you agree with Dana's statement about attitudes at the executive level in terms of reactions to child care?

Ms. Salyer. Yes, I think fortunately in our business—a service business, 75 percent of our employees are women—there is a greater sensitivity to the issue, but quite frankly, it surfaced through the customer, as I think I tried to indicate. And we are so focused on the customer, seeing that need surface from the customer brought it to senior management's attention very quickly.

Most senior management today, their wives are still at home, and they are not facing these same kinds of problems and dilemmas. But we, like every other employer, we do opinion surveys, and child care continues to surface as a primary issue. How you address that issue has been a struggle for Mervyn's as well as, I know, other companies.

Senator Dodd. Dana, would you like to comment on both those points?

Dr. Friedman. Well, I can't think of an aide to any Congressman who hasn't called in the last year, wanting to introduce a tax credit. And I hate pouring water on people's ideas, but the fact is I have just not found any evidence that they work.

In your State of Connecticut, they did not have much success with them; in Michigan, where they have experimented; and in interviews that I conducted about 4 years ago with 11 State legislators who had all introduced these tax credit legislations.

The problem is that there are sort of two groups of companies out there—many, but for our purposes—there are those who don't want to get involved. Unfortunately, that is the vast majority of them. Then there are those who are sitting on the fence, who recognize that this is an issue and are not sure how to proceed, or may face one of these obstacles of cost, liability, et cetera.

For those sitting on the fence, the tax credit is perfect. That may actually tip them over and cause them to ultimately provide some service. But there just aren't that many of them. If they have gotten that far, in fact they may already have made such a commitment that cost really is a secondary concern.

So then, if you have got attitude problems, and you don't think you should be involved, the financial incentives are not the way to help these people move.

It is also true that legislatively, the tax credit to laypeople is perceived as the biggest boon in the world—hence, so many legislators trying to introduce them. The assumption that if there were some money available, that is when companies would jump on them and provide care. For that reason, it is perceived as very expensive.

In fact, Representative Lupinski has introduced a bill, and he has made it revenue-neutral, by limiting the child care tax credit to families under $50,000 a year. You are talking about a couple of billion dollars that we are lopping out that they are expecting is going to be spent on a child care credit. And this is what these State legislators were telling me, that they had such a difficult time getting these things passed because they were perceived as being so expensive and reducing revenues to the State that they were fearful that, should they ultimately pass, that they were going to miss out on all the other wonderful child care initiatives that are clearly going to be far more helpful to far many more people.

That is the reason why politically I am at the point of saying if this is going to be done at the expense of some other bill, then let's not do it.

There is one important reason to provide them, and that is because they help educate. It is another source of information. It is another legitimization by government, saying this is an important thing, and we are willing to forgo tax revenues in order to get the private sector involved.

But there is the developer ordinance in San Francisco and it merely says if you are a developer with more than 40,000 or 50,000 square feet, you have to build a center or contribute to a fund. In Los Angeles, they were considering an alternative to that, and it was that in order to build, the company had to have a child care policy. Now, the child care policy might be there is no child care policy. But the fact is they had to have thought about it. And that kind of mainstreaming, that kind of internalization and understanding of the issue is I think what we are after and what long-term is going to make for far better effects.

When you ask employees what they want on surveys, when employers are asking employees about what kinds of services, it is not a day care center, it is not even a referral service; it is often more flexibility and more supervisor sensitivity—the things that, day-today, make their lives crazy because they can't get any flexibility, leeway or compassion in what they are attempting to do. I don't think these tax credits essentially address that.

Senator DODD. Could I get you, Cheryl, to comment on this as well? I would just share with you the concerns of my colleagues. At a time, obviously, when we are talking about deficits in this country, the bill we are discussing today appears very expensive. But tax credits also have their problems. Such credits are not direct, but rather a back door method of influencing things. And so it doesn't seem like it is as much. Obviously, the bill that has been introduced by Senator Hatch and others has a tax credit, but the impact of that credit is apparently less than what we are talking about in terms of dollars and cents.

My own view is that tax credits—and deductions, for that matter, but tax credits in particular—are a very useful tool to get people to do something that they are not inclined to do, or that is not in their interest to do, but we have decided is in every one else's interest. Or, one could add, if it is so prohibitively costly for people to do such a thing, then the tax credit would provide some relief.

Now, when I hear witnesses like American Express and others tell me that child care is a good business decision, and that they are seeing the benefits already of good child care programs in terms of attracting employees, keeping employees, increasing productivity, I'll be damned if I know why I should provide a tax credit. Why should we give a tax credit to business to do something which if they do, accrues to their benefit anyway. That is the problem I have with the idea of a tax credit. And I will continue to have that problem unless you tell me that it is so costly to the employer to in vest in child care that the tax credit will provide essential relief. In other words, would business, because of financial reasons, not invest in childcare without tax relief?

Now, maybe, Cheryl, you would like to tell me that.

Ms. SMITH. No, I cannot disagree with anything you have said. I guess my only concern is that I do see a lot of fencesitters out there. And I am out there every day, talking to them, and I think that this is kind of where I am on this position, that I see a lot of them ready to take this step, and this would be the incentive that would put them over.

But I do agree that it is a good business sense. And when we go in and talk to employers and companies, this is what we talk about. We talk about improving their bottom line, and that their involvement in this is going to do it.

Senator DODD. Yes, absolutely.

Ms. SMITH. That is why I support the ABC legislation over Hatch's, because I think that that is a minor piece.

Senator DODD. Let me ask you this, too. Again, critics raise some good points about some of these issues, and as a sponsor of the bill, I have to be sensitive to them. Government regulation can have a price tag to it. If you don't know that, I do not know where you have been. And we are talking about some minimum standards here in this bill, Cheryl. Obviously, when you start applying standards and so forth, there is a cost associated with that.

I wonder if you might comment on how you think the regulatory scheme we have described in this legislation is apt to affect cost.

Ms. SMITH. Well, I think that the costs that are going to be there to unify the standards are minimal compared with if we don't have them, and I think that has to be addressed. What we are talking about is trying to professionalize this industry and to care for the children. So having unifying standards, the cost involved is very small.

I think in many ways that the business wants to see that improved. They realize that that is one of the major issues that needs to be addressed.

Senator DODD. Let me raise this question. I will ask you the question, Martha. And again, if any of you want to jump in and respond to some of these points, don't feel restrained.

The argument is sometimes made that providing a child care benefit is discriminatory. There are women and men, who don't have children. Some have made the decision not to have children, and some are not married. So the argument goes—why should you be providing a benefit to one group of employees at the expense of another? I presume the child care facility brings costs to the corporation. The argument is that such costs take away from benefits that might otherwise be available to people who have decided not to have children or families.

And secondly, is this basically a women's issue, or are men being discriminated against? And if not, to what extent do you see men taking advantage of this particular program that you have at Hill, Holliday?

Ms. ESHOO. Well, thankfully, Hill, Holliday has not come up with that problem yet. No one has come to them and said, "We are not receiving a benefit. Child care is given to other people. I am not having children. I am young. I am missing out on a benefit."

That is a problem that could come up at other places, and in the event that it does come up, I think that the decided response has been that this is a benefit that we have chosen to give to these workers because they are there, and they need the benefit, and it is a timely issue, and we have decided to be a model and to step forward.

As many men as can use the day care center use the day care center. Because of the salaries—and as we talked about before, upper-level management salaries—oftentimes, if a man is making that much money, the wife is going to stay home with the children and not work. So they often use the center as a form of socialization for their child, and may come in 2 days a week or something. And we see probably 10 percent of the children at the center there because their fathers work at the agency.

Senator DODD. Dana.

Dr. FRIEDMAN. If I may just go back to a point about licensing for a moment. You know, there is a perception out there that most companies don't like licensing, and that is a major obstacle. There is a difference. I have never heard a company complain about staff/child ratios or caregiver requirements and qualifications. They are grateful that somebody is articulating for them what quality is, so that they make sure they provide it, and liability, and all those other reasons.

What they don't like are the local health and safety laws, and the windows and the toilets and the other things, they find onerous. And there is a world of difference between those things. I have continually heard, "Oh, business against national standards"; I don't think that is true at all. In fact, now that they are considering multi-site centers in a couple of States, I think they would prefer dealing with similar standards than they were in different ones. I know that they are all going to come into their own, but ultimately, we hope they will all get to at least quality.

On the issue of equity, I think companies provide parking lots, and some people take public transportation, there is a cafeteria, some people bring their lunch. There are many things that companies do that don't serve everybody in their organization, and I think they have come to understand this as a matter of business and bottom line self-interest, preservation, recruiting and retaining workers, et cetera, so that the motivation far outweighs any concern about that equity. And indeed, there has never been a case, at least that I have heard of, where anybody has complained about a company providing; in fact the most positive responses often come from people who don't have children, because they feel much better about the organization that they work for.

And finally, on the issue of whether child care is a woman's issue, I think we would be foolish to stick our heads in the mud and not acknowledge the fact that women do take on the primary responsibility for family issues when they work.

Sixty percent of men have wives who are working full- or part-time. Neither men nor women have wives at home taking care of these responsibilities.

The other thing that is emerging in some very important research that Ellen Galinsky at Bank Street and others have been conducting is the fact that when men take on family responsibilities—which they are doing in increasing numbers—they are not immune to the negative effects of it. They experience the same strains, the same stresses that women do. Of course, this puts us in a very awkward advocacy position if the only way for women to reduce their stress is to increase men's—but I think over time we'll work that out.

I just think that if it is ever to change, we really have to stop talking about it as a woman's issue. It is a family issue.

Senator DODD. The Department of Labor has indicated that 10 percent of all businesses—of the 6 million employers in this country—are doing something with respect to child care. Where are they getting that number from?

Dr. FRIEDMAN. Oh, boy, I'll tell you—I thought my reputation was down the tubes when I read that. We only differed by about three zeroes in the number of companies providing child care. I found out that their sample included day care centers, public schools, colleges, universities, government agencies and businesses, employers as we have been talking about them in the other numbers that I shared with you earlier.

Second, what got misreported by AP, and then in all the newspapers following, was that it was a study of establishments with at least 10 employees; it was not a study of employers. So IBM has 200 establishments, 200 work sites; IBM is counted 200 times in their sample. It is very, very misleading data, obviously, and they have admitted that they released it prematurely, and it cannot even be used by the Department of Labor.

Senator DODD. Well, are they going to release another study; are they going to have another press conference?

Dr. FRIEDMAN. They are supposed to be releasing a fuller study after they have done some re-analysis, and maybe secondary analysis. They have the capacity to pull out the employers as we have been talking about them, and I think they plan to do that.

Senator DODD. Yes. We have been using the number of more like 3,000 out of 6 million. Is that more accurate?

Dr. FRIEDMAN. Right, I think so—certainly more accurate than 25,000 having day care centers. That is half of all the day care centers in the country. It would be very nice, but I don't think it is true.

Senator DODD. Well, you have all been very, very helpful. I have a dozen more questions for each of you, but I have really held up our last panel so long here, I am feeling terribly guilty about it.

We will maybe submit some more questions to you in writing. You have been tremendously helpful with your testimony, and we thank you. Some of you have come a long way to be here today. We may be asking you to come back and be directly involved as we continue this process. If you have some additional suggestions on how we can improve this bill, we want to hear about them. But thank you very much for being here.

I always go through my mea culpas for the last panel, because I have made you wait so long. I apologize—this panel, the last panel, is the patient panel. It will focus on the financial costs of building up a strong infrastructure, providing quality child care, and the social costs of failing to do so.

Dr. Diana Pearce, from the Institute for Women's Policy Research, is the director of the Women and Poverty Project at the institute. She will testify about an ongoing study the institute has undertaken on the salaries of child care workers. The institute for Women's Policy Research provided this subcommittee with stellar testimony, I would point out, on the social costs of not providing parental leave last October. So we are pleased to have Dr. Pearce back with us again today.

Ellen Galinsky is the project director of Work and Family Life Studies, Bank Street College, New York. She is also the president-elect of the National Association for the Education of Young Children, an organization with some 55,000 members representing the early childhood community. She herself has been working on issues affecting employed parents for the past 14 years. In her position at Bank Street College, she has worked with a number of corporations on behalf of the problem of child care. Today she is going to tell us of the social costs to child care workers, employed parents, and children for failing to provide child care.

William Bentley Ball, is testifying on behalf of the Association of Christian Schools International. The distinguished ranking minority member of this subcommittee, Senator Thurmond, has requested that Mr. Ball testify before us today. I am delighted that he is with us. He is a highly regarded individual, highly respected in his field. He is a partner at Ball, Skelly, Murren & Connell, a law firm in Harrisburg, where he serves as an expert in Constitutional law for the Association of Christian Schools International. Mr. Ball, we are pleased to have you with us here as well this morning.

Lynn Lyss is vice president of the National Council of Jewish Women. Last but certainly not the least, she has been very active and supportive with respect to a number of these issues. Lynn chairs the Missouri State Advisory Group on Juvenile Justice and has been involved in children's issues since the early 1970s. I might point out that her group was involved in the landmark study entitled "Mothers in the Workplace." She has been extremely helpful, and we have used her advise on numerous occasions in this Subcommittee. So we look forward to hearing your testimony as well.

Having introduced all of you, we will begin with you, Diana. And again, I have kept everybody so long here and it is getting late. So, if you have a lengthy statement, I'd really appreciate it if you could get to the meat of the testimony so we can get to some questions. I promise you that every word of your testimony will be included in the record.

STATEMENTS OF DR. DIANA M. PEARCE, DIRECTOR, WOMEN AND POVERTY PROJECT, INSTITUTE FOR WOMEN'S POLICY RESEARCH, WASHINGTON, DC; ELLEN GALINSKY, PROJECT DIRECTOR, WORK AND FAMILY LIFE STUDIES, BANK STREET COLLEGE, NEW YORK, NY; WILLIAM BENTLEY BALL, ESQ., ON BEHALF OF ASSOCIATION OF CHRISTIAN SCHOOLS INTERNATIONAL, HARRISBURG, PA, ACCOMPANIED BY EUNICE DIRKS, DIRECTOR OF EARLY CHILDHOOD EDUCATION, ACSI; AND LYNN LYSS, VICE PRESIDENT, NATIONAL COUNCIL OF JEWISH WOMEN, ST. LOUIS, MO

Dr. PEARCE. All right—I have kept on editing it as the morning has gone on.

I am very glad to be here to have this opportunity. Too often, child care workers are all but invisible in discussions of child care policy. Yet various estimates, which do not even count home day providers, put the number of child care workers at 2.8 to 3.4 million, and clearly, their role is key to the issues discussed today of quality and affordability of child care.

I will do three things today: describe the low salaries of child care workers; explore some of the reasons for these low salaries, and finally, outline the costs of not having a child care system with trained and adequately paid staff.

Over 40 percent of full-time child care workers earn less than $5 per hour, while less than 18 percent of all full-time workers have salaries that low. Forty-five percent of child care workers work part-time, and their salaries are even lower, with about three-quarters earning less than $5 an hour.

Salary surveys of day care centers from New York to California done between 1982 and 1987, but quoted in 1986 dollars, revealed that starting wages for child care aides, the lowest job category, ranged from $3.25 to $5.92 an hour; for teachers, from $3.67 to $10.45 an hour; and for directors, from $5.23 to $30 an hour.

To put these salaries in context, California's welfare reform legislation, the GAIN legislation, mandates that no welfare recipient be required to take a job for less than $5.14 per hour. Below that level, with even one child, and the costs of child care and medical benefits, the State has determined that a family would be more impoverished by entering employment than by remaining on welfare. Yet almost half of child care workers' earnings are at this level, often with families to support.

About 30 percent of child care workers are mostly or wholly dependent on these wages for their family income.

Actual wages per hour are even lower than these figures would suggest, for many child care workers do not receive paid time off, such as paid holidays and vacations; only about 56 to 86 percent of child care workers have paid holidays and paid vacations. About one-third of child care workers are not compensated for overtime hours, and many child care workers work overtime hours. The majority are not paid for the extra time and work of parent meetings, staff meetings, and preparation time.

Non-monetary compensation has become an increasingly important factor in evaluating the adequacy of earnings. Here again, child care workers are disadvantaged. Health coverage is one of the most important benefits. While most American workers have health insurance, only about one-third to one-half of child care workers have any kind of health care coverage through their employment. Most people assume that they are covered by workers' compensation and unemployment compensation, but only two-thirds to three-fourths of child care workers receive unemployment insurance.

While 48 percent of workers have some type of disability coverage, none of the surveys revealed any such coverage of child care workers. Ninety-six percent of workers generally get employer-provided life insurance, but only about 15 to 36 percent of child care workers are so covered.

As with salaries, these figures are an underestimate, for they generally refer to full-time workers. Given the high percentage, 45 percent of child care workers who work part-time, many of whom have few if any fringe benefits, these numbers are clearly an overestimate.

Why are child care workers' salaries and benefits so low?

The first obvious reason is that it is an overwhelmingly female occupation. About 95 percent of child care workers are female. But this is at best a partial explanation, for other occupations with equally high percentage of female workers do not have such low salaries. A couple of examples are bank tellers, who earn $6.80 an hour; telephone operators, who earn $7.29 an hour.

A second possible explanation is that it is disproportionately minority. First, child care workers are not disproportionately minority to a great extent, and secondly, the wages of minority and majority child care workers are generally equally low.

Third, low salaries may reflect a lack of education or training. This, too, turns out to be a nonexplanation on two counts. Well, we have heard a lot about nontrained child care workers. In general, the average educational attainment level of child care workers is quite high; it is 14.6 years. The survey conducted by the National Association for the Education of Young Children found that education levels were surprisingly in all job categorizations in spite of low salaries.

For example, although 90 percent of child care aides reported salaries under $5 an hour, half of those aides had some college education.

While child care workers in the position of teachers have higher salaries, on average, they fall far short of other teachers' salaries. Elementary teachers earn $8.80 an hour; librarians earn $8.33 an hour. In comparison, structural metal workers, with an average education of only 12 years, earn almost three times as much, and even garbage collectors, with an average education of 10 years, earn more than child care workers, at $6.04 an hour.

Finally, low salaries may reflect lack of experience on the job. One source of data suggests that salaries are actually lower the second year and do not rise significantly until one's tenure reaches five years or more. This is a bit of a chicken-and-egg relationship, however, because low salaries may reflect lack of experience on the job, but low salaries also contribute to the lack of experience many child care workers get because they leave.

Finally, child care workers' salaries may be low because the parents who pay them, directly or indirectly, are simply not able to pay higher wages. Some salary surveys suggest that centers which receive subsidies pay higher salaries than do private centers, that do not have subsidies. At the same time, subsidies do not automatically or wholly contribute to raising salary levels.

Clearly, many parents feel that the salaries they pay those who care for their children are inadequate; at the same time, they feel caught in an impossible bind. As with the elderly faced with medical costs before Medicare, their incomes are fixed or, more exactly, are at the maximum, and cannot be increased to meet the need in time.

In many cases, both parents are already working, often full-time, and at least for most in the near future, to substantially and instantly increase their salaries to meet the cost of child care with the birth or adoption of a child is nearly impossible. So they are caught in that squeeze.

Finally, the effects of low child care workers' salaries.

Low salaries are creating a rapidly escalating crisis in child care that goes to the heart of the question of quality and continuity in care. Older data—not very old—but older data from 5 to 10 years old estimate average turnover rates of 42 percent in day care centers. Universally, contemporary observers at least double that.

The crisis in child care is much less recruiting workers, even ones with advanced training and early childhood education courses, and much more retaining the trained and dedicated workers that now exist.

Junior colleges graduating students with AA degrees in early childhood education report that many do not even enter child care jobs initially, finding better pay, in spite of their training, in almost any other profession.

On the other side, centers report that in order to compete with such other opportunities open to college-educated women, to get teachers with AA degrees, much less college graduates, they must offer higher salaries than their current, college-educated, experienced and dedicated teachers are receiving. Needless to say, such choices are demoralizing for staff and further escalate turnover.

To illustrate this phenomenon, I would like to end with two examples from a survey called the National Child Care Staffing Study, now being conducted by Deborah Phillips, Marcy Whitebook, and Carrollee Howes.

First, a center in Arizona, in order to maintain a staff of ten, went through 27 teachers in the past year. Second, this study, which is surveying only centers with six or more regular staff, has four times arrived on a site to find that just 1 week after the initial contact, there are only five or four staff remaining.

Two practices have arisen that further illustrate the effects of budget constraints on staffing and the quality of care received. Many, many centers are living at the edge of compliance with State law, which in some cases is itself quite low in terms of requirements. To meet classroom staff requirements, centers have some staff designated as "floaters," who spend a couple of hours in classroom A, a couple of hours in classroom B, et cetera, and then each classroom is "counted" as having two staff, thereby meeting the requirements.

A second practice is "accordion" staffing. When the center opens at 7 a.m., only one person is on duty to receive the first few children; as more children arrive, staff do so as well, until by 9, the center has its full complement of staff and children. At 3, the process begins to reverse itself.

Either or both of these practices, the floaters and the accordion staffing, results in a given child going through as many as five or six different caregivers, peer groups, and/or classrooms in a given day.

When staffing strategies such as these are combined with these high and increasing turnover rates, children in day care are faced with an appalling lack of continuity of care. Without substantial change, millions of our children face early childhoods peopled with a succession, much too rapid, of people who are overworked, underpaid, and constantly disappearing and reappearing. Is this what we want for our children and their caregivers?

Senator DODD. Thank you very much.

[The prepared statement of Dr. Pearce follows:]

the women & poverty project

TESTIMONY

WAGES AND SALARIES OF CHILD CARE WORKERS: THE ECONOMIC AND SOCIAL IMPLICATIONS OF RAISING CHILD CARE WORKERS' SALARIES

BY

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Before the
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Committee on Labor and Human Resources
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As more and more mothers enter the paid labor force, and/or work outside of the home, increasing numbers and proportions of children are experiencing care provided in a group context, and/or by someone other than their own parents. The work called child care may be done by people ranging from the child's own mother or other relative, as when she/he is a day care provider, to public school teachers working for a school district.

I. Who are Daycare Workers?

Those who care for very young children are found in a variety of occupations and industries that reflect not only varied settings, but also some ambiguity of identity. Not all those who take care of very young children identify themselves as early childhood professionals, much less agree on nomenclature to classify and describe their jobs. Probably the largest group excluded are those who provide day care in their own homes (as self-employed they are not included in most official occupation statistics.) Others are classified as child care workers although their work may involve relatively little 'child care': thus foster parents, lunchroom, playground and bus monitors, and attendants in residential institutions and schools for the handicapped are classified as child care workers.

Both the Census Bureau and the Bureau of Labor Statistics classify most child care workers as either **kindergarten and prekindergarten teachers**, or as **child care workers**. Each of these, in turn, is part of a larger occupational grouping: teachers are 'professionals,' while child care workers are 'service' workers. This distinction would probably strike most child care workers as artificial, for the two occupations reflect two aspects of essentially the same job, yet the distinction does correspond very roughly to job categories found in many child care settings, of teacher and aide, in turn reflecting some differences in responsibility, educational preparation, and experience.

Most child care workers work in three kinds of settings, or 'industries.' These are: day care homes, day care centers, and public schools. Day care homes are of three types: unregulated, regulated or licensed, and sponsored. Most are small, but some are group homes, with one or more employees in addition to the home owner(or renter)/provider. Day care centers may be found in a variety of settings, including churches, workplaces, office buildings, and so forth, and may be designated as nursery schools, preschools, early childhood education programs, and many other names. School settings are those programs for young children which are part of a school district's education program, and whose personnel are considered school district staff, and include preschool, prekindergarten, and after-school programs.

Other industries in which child care workers and teachers are found include such diverse settings as respite care, department stores, resorts, religious organizations, and social services not elsewhere classified.

Using data from their own survey as well as Census and CPS figures, NAEYC estimates that there are between 2.8 and 3.4 million people who are directly involved in providing care for children (NAEYC, "In Whose Hands?",1985.)

II. Salaries of Child Care Workers: The Overall Picture

Child care workers' salaries are astoundingly low. Just a few statistics paint this picture*:

- Over 40% of full-time child care workers earn less than $5.00 per hour, while less than 18% of all full-time workers have salaries that low.
- Median wages for full-time child care workers are about $227 per week, and only 10% earn more than $600 per week.
- 45% of child care workers work part-time, and their salaries are even lower; about three-fourths earn less than $5.00 per hour.
- NAEYC's survey, which was biased towards those with long-term investment in child care as a career and a substantial proportion with ECE credits, found that in

1984, 90% of aides, and over 40% of teachers responding, earned less than $5.

- Salary surveys of day care centers from New York to California, done between 1982 and 1987, (but quoted in 1986 dollars) reveal that starting wages for child care aides - the lowest job category - range from $3.25 to 5.92 an hour, for teachers from 3.67 to 10.45 per hour, and for directors from 5.23 to $30.00 an hour.

To put these salaries in context, California's welfare reform legislation mandates that no welfare recipient be required to take a job for less than $5.14 per hour; below that level, with even one child, and the costs of child care and medical benefits, the State has determined that a family would be more impoverished by entering employment than by remaining on welfare. Yet almost half of child care workers' earnings are at this level, with families to support. In NAEYC's survey, 30% of the respondents stated that they were mostly or wholly dependent on these wages for their family income.

Actual wages per hour are even lower than these figures would suggest, for many child care workers do not receive paid time off, such as paid holidays and vacations: while almost 100% of American workers receive paid vacations and holidays, only 56 to 86% of child care workers have paid holidays, and between 37% and 99% have paid vacation (depending on the survey.) In addition, many work unpaid additional hours; whether in a day care home or center, the different schedules of parents often means a ten to twelve hour workday; about a third of child care workers are not compensated for overtime hours. The majority are not paid for the extra time and work of parent meetings, staff meetings, and preparation time. While the proportions who receive paid breaks is similar to workers generally, many child care workers report never receiving the breaks to which they are entitled(CCEP, 1986). Indeed, it is not uncommon for child care workers to get rest breaks by napping with the children, literally.

Non-monetary compensation, has become an increasingly important factor in evaluating the adequacy of earnings. Health coverage is one of the most important benefits, for both employees and their families. While most American workers have health insurance, only about one-third to one-half of child care workers have any kind of health care coverage through their employment. Most people assume that, if they are injured or laid off, they are they are covered by workers' compensation and unemployment compensation; unfortunately, though that is generally true, only two-thirds to three-fourths of child care workers are thus protected. Even worse, while 48% of workers generally have some type of disability coverage, none of the surveys revealed any such coverage of child care workers. Equally striking in contrast, 96% of workers get employer-provided life insurance, only about 15 to 36% of child care workers are covered. Even though many have young children, ironically most child care workers do not receive free or reduced rate child care.

As with salaries, these figures are an underestimate, for they generally refer to full-time workers. Given the high percentage of child care workers who work part-time, many of whom have few if any fringe benefits, these numbers are clearly an overestimate. This is true even with publicly-provided benefits; in many states part-time workers do not qualify for unemployment insurance because their wages and/or hours worked do not meet the minimum thresholds.

III. Why are child care workers' salaries so low?

The first obvious reason for the low salaries of child care workers is that it is an overwhelmingly female occupation, and thus as with most such occupations, has low salaries. While this clearly explains some of the differential, it is at best a partial explanation, for other occupations with equally high percentage female do not have such low salaries: bank tellers (91% F) earn $6.80/hour (27% more than child care workers), telephone operators (91% F) earn $7.29/hour (36% more than child care workers).

A second possible explanation is that it is disproportionately minority in racial/ethnic composition, and thus shares the lower salary levels among minority workers. This is inadequate, however, on two levels: first, child care workers are not disproportionately minority to a great extent, and secondly, the wages of minority and majority child care workers are generally equally low. (The latter may reflect the fact that salaries are generally higher in urban areas, and that minorities are more urbanized than is the white, non-Hispanic population.)

Third, low salaries may reflect a lack of education or training. This too turns out to be a non-explanation on two counts. First, child care workers are surprisingly well-educated: the average educational attainment level is 14.6 years, according to the Census. Moreover, the survey conducted by NAEYC found that education levels were surprisingly high in all job categories, in spite of low salaries. Thus although 90% of aides reported salaries under $5.00 per hour, half of those aides had some college education. While child care workers in the position of teachers have higher salaries on average, compared to professions with similar levels of education, they fall far short: elementary teachers earn $8.80/hour (64% more than child care workers) and librarians earn $8.33 per hour (56% more). In contrast, structural metal workers, with average education of 12.1 years, earn almost three times as much at $14.11 per hour; even garbage collectors, with an average education of 10 years earn $6.04 per hour.

Finally, low salaries may reflect lack of experience on the job. While those who have longer tenure do have higher salaries, the differential is not nearly as great as one would expect, and one source of data suggests that salaries are actually lower the second year, and do not rise significantly until one's tenure reaches five years or more. Moreover, a significant proportion of day care centers do not increase salaries with increased experience, or with increased education. This suggests that the relationship is a chicken and egg question: low salaries may reflect lack of experience on the job, but low salaries - and the lack of forthcoming raises - may also contribute to the lack of experience of many child care workers, and they leave.

Finally, child care workers' salaries may be low because the parents who pay them - directly or indirectly - are simply not able to pay higher wages. Some salary surveys suggest that centers which receive subsidies, either public or private (e.g., a church-sponsored center), pay higher salaries than do proprietary centers. At the same time, subsidies do not automatically or wholly contribute to raising salary levels of child care workers: one study estimated that the effect of subsidies was divided equally between raising workers' salaries and lowering parent costs, ie., lowered fees.

Clearly, many parents feel that the salaries they pay those who care for their children are inadequate; at the same time, they feel caught in an impossible bind. As with the elderly faced with medical costs before Medicare, their incomes are fixed, or more exactly, are at the maximum, and cannot be increased to meet the need in time. In many cases, both parents are already working, often full-time, and at least for most in the near future, to substantially and instantly increase their salaries to meet the cost of child care with the birth/adoption of a child is nearly impossible.

IV. Effects of Low Child Care Workers' Salaries

Low salaries are creating a rapidly escalating crisis in child care that goes to the heart of the question of quality and continuity in care. Older data - from five to ten years old - estimate average turnover rates of 42% in day care centers; universally, contemporary observers at least double that. As of 1983, about one-third of child care workers had been on the job for less than one year, one third for two to three years, and one third for longer. The crisis in child care is much less recruiting workers, even ones with advanced training and Early Childhood Education courses, and much more retaining the trained and dedicated workers that now exist. Junior colleges graduating students with AA degrees in early childhood education report that many do not even enter child care jobs initially, finding better pay, in spite of their training, in almost any other profession. On the other side, centers report that in order to compete with such other opportunities open to college educated women, to get teachers with AA degrees, much less college graduates, they must offer higher salaries than their current, college graduate, experienced and dedicated teachers are receiving. Needless to say, such choices are demoralizing for staff, and further escalate turnover.

To illustrate this phenomenon, I would like to end with two examples from a survey, called the National Child Care Staffing Study, now now being conducted by Deborah Phillips, Marcy Whitebook, and Carollee Howes. First, a center in Arizona, in order to maintain a staff of ten, went through 27 teachers in the past year. Second, this study, which is surveying only centers with six or more regular staff, has four times arrived on a site to find that one week after the initial contact, there are only 5 or 4 staff remaining.

Two practices have arisen that further illustrate the effects of budget constraints on staffing, and the quality of care received. Many, many centers are living at the edge of compliance with state law, which in some cases is itself quite low in terms of requirements. Thus to meet classroom staff requirements, centers have some staff designated as "floaters", who spend a couple of hours in Classroom A, a couple of hours in classroom B, etc., and then each classroom is 'counted' as having two staff. A second practice is "accordion" staffing: when the Center opens at 7:00 am, only one person is on duty to receive the first few children; as more children arrive, staff do so as well, until by 9:00, the center has its full complement of staff, and children. At 3:00, the process begins to reverse itself. Either or both of these practices results in a given child going through as many as five or six different caregivers, peer groups, and/or classrooms in a given day.

When staffing strategies such as these are combined with high turnover rates, children in day care are faced with an appalling lack of continuity of care. Without substantial change, millions of our children face early childhoods peopled with a succession, much too rapid, of people who are overworked, underpaid, and constantly disappearing and reappearing. Is this what we want, for our children and their caregivers?

Senator DODD. Ellen, go ahead.

Ms. GALINSKY. Hearing Diana Pearce testify reminds me of a story that I heard last week in California when I was speaking to the State legislature.

I heard the story of a 4 year-old who said to his teacher: "I don't have to listen to you, because you weren't here when I came, and you won't be here when I leave."

So that I think this story really illustrates and is symbolic of the point I want to make, which is that there is a cost—we know what the ingredients of quality are, and there is a cost to not having them.

For example, if you look at the stability care, which Diana spoke about, research has identified the fact that children who are coming in to caregivers that they don't know have a lot more trouble separating from their parents.

Furthermore, another study by Carrollee Howes found that infants who had a lot of turnover when they were very young looked less competent with materials and less confident with other children than children who had not faced this kind of turnover.

What I'd like to do in my testimony is to summarize what the ingredients of quality are and to look at the costs of not having that kind of quality. I will start with staff, since you talked about staff.

Staff need decent working conditions as well as decent wages, and we see the cost and the turnover that occurs. In fact, a study done by Mike Olnick found that teachers were much more likely to stay in jobs when there was more job autonomy and they had better salaries.

Turning now to parents—that is the area that I have done research on for the last 7 or 8 years—we have found that the issues there for parents are first that they cannot find child care, and we have seen that linked to higher rates of absenteeism in our studies. For instance, in the study we did for Fortune magazine, not being able to find child care was one of the two biggest predictors of absenteeism in that study.

Then, as we know, and we have talked about a lot today, parents don't just find one caregiver or one solution. They are patching together a system for before and after school, 3-hour kindergarten programs, different systems for different days of the week. And we have found that the more arrangements that parents have, the more likely those arrangements are to fall apart. And we have found that this breakdown in child care is perhaps the biggest producer of stress in employed parents.

For example, we have found that the more often parents have to make special arrangements, because their usual child care arrangements fall through, the more likely they are to come to work late, to leave early, to be absent from work—but even more, the more likely they are to have higher levels of stress or more stress-related health problems. So that the costs to employed parents—and we find in studies, for instance, one study done at Boston University, that one-quarter of the parents were spending time at work all the time or almost all the time worrying about their children. The cost of this patchwork system that we have for employed parents is absenteeism, they are not at work, or when they are at work, they are not able to pay attention.

Now I'd like to turn to the most important issue, and that is the children, and to look at what research has identified as the ingredients of quality care, and there are really three.

The first is the personal relationship between the adult who takes care of the child and the child, and there are four aspects of that relationship that are important. The first is that interpersonal relationship, the caregiver who knows the child, who treats the child as special. The second is the teaching relationship, because whether we call it child care or we think of it as custodial, or whether we think of it as educational, kids are learning all the time; kids don't turn off learning because we think they are in a custodial sort of situation. And what has been found is, in studies, for instance, that have been done by Deborah Phillips, Kathleen McCartney, and Sandra Scarr, is that environments that were rich in language, in which teachers or caregivers talked to the children and asked them questions and got them to talk back, to express themselves, that those children did much better on standardized tests, and that was more important than their social class background.

The other issue, a third issue in the personal relationship is the disciplinary relationship. A lot of people have worried about the aggression of children who are in child care. They say that child care per se will cause children to be more aggressive. But in fact, it is the quality of the care that those children receive in child care that makes the biggest difference.

For example, one study in which there was a lot of aggression in children, when the teachers were taught behavior management techniques, that aggression went down.

Then there is the stability of the care. That is the fourth ingredient of high quality, and we have already talked about the costs of not having stability in care.

The second area that is important in quality are the resources of the child care arrangement—group size. For example, the government-funded national day care study found that in smaller groups, there was less aggression, and that those children made the greatest gains in standardized tests of learning and vocabulary. These studies have been replicated in family day care.

The second issue is the staff/child ratio. This is particularly important for infants, in which studies have shown much more distress, less competency, in children in which there were fewer adults to take care of them.

Then there is the issue of health and safety—and I am just skimming over these issues in my written testimony; I have provided a lot more information about the actual studies. But there is a lot of concern about the illness of children in child care, and again, training efforts in which teachers and caregivers were taught to do simple things like washing their hands reduced the incidence of illness in child care.

You may have noticed that I have been talking about training a lot, and we all have today. But studies have found that when teachers and caregivers are trained in child development, in education, that the children are more cooperative, and they make again the greatest gains in standardized tests.

So the costs of not having these resources in the child care show up again in the social relationships of kids as well as in their school performance.

Finally, the third ingredient of quality is the relationship with parents. We all know the often-quoted studies that show that children in good early childhood programs don't have the kind of school failure that other children have.

There is a noteworthy study in Philadelphia that was just done in Head Start where the study found that this prevented school failure, that the children had better attendance and less retention. And to me, and the researchers conclude, that child care doesn't just affect the child; it affects the parents, that good-quality early childhood experiences affect the parents, whether they are in family day care, whether it is an in-home provider, or whether it is a center program; that these parents become better teachers, motivators, and advocates for their children. They don't see school as a place in which their children are doomed, but as a place in which their children can succeed, and they have higher aspirations for their children.

Now, we have been talking about a two-tiered system, and the research on early childhood programs and children have shown that the parents who have the highest family stress, the ones who are single parents, are the most likely to be disadvantaged, because they select the poorest-quality care. But even in the studies in which social class is controlled for, we have seen that children's development is affected both in the short term and in the long term.

For example, Carrollee Howes, in reviewing her studies starting with "Children in Poor-Quality Infant Care," found that by kindergarten and nursery school, these same children who had had poor-quality infant care were less task-oriented, less considerate of other children; they had more trouble with their peers, they were more distractable, and they were more hostile.

I always think of Jessica McClure—and you brought up Jessica McClure when you were talking this morning. We all got very enamored with watching her rescue. But I think that this is the message from the research in general—it is going to cost us a lot more to rescue these children than it is to prevent these kinds of problems from happening in the first place.

I'd like to conclude by talking about why I am so enthusiastic about ABC. I am enthusiastic about it because I believe that first, it was built by consensus, and it represents the very best thinking of many different groups in our field, and it is based on research knowledge of what is good child development practices.

It deals with the interrelated problems we have been talking about, the interrelated problems of affordability, quality, and availability. But to me, it also deals with the inter-related needs of children, their parents and staff. It is based on parental choice. It addresses the needs of children for quality by having training for child care providers and by very minimum standards that bring other States up into what the median of States have in the five areas in which standards are proposed for centers and the four areas in which they are proposed for family day care.

It addresses the needs of parents, to help them find child care, having start-up grants and loans to increase the supply, by funding resource and referral to increase the supply, by making better consumers, and by helping parents pay for child care.

It also addresses the needs of staff which, as you point out, is a very important issue, by having States come up with a plan to improve compensation in this field.

To me, ABC is a perfect blend between flexibility and structure. By having a set way that the funding it allocated, it provides the structure which builds the infrastructure that we have all been talking about in our testimonies this morning. And yet, it is also able to respond to local needs.

I believe that the Federal Government, as we have all been saying, cannot alone solve this problem, and we are not talking about turning over this crisis to the Federal Government. We need the partnerships that we have been talking about. But to me the most important role is building this infrastructure so that other efforts make a difference.

We know about the ingredients of quality, and the evidence is that we will lose a great deal by not responding to this crisis now.

Thank you.

Senator Dodd. Thank you very much.

[The prepared statement of Ms. Palinsky follows:]

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DIVISION OF RESEARCH, DEMONSTRATION AND POLICY

Testimony to the Subcommittee on Children, Families, Drugs and Alcoholism

United States Senate

March 15, 1988

Ellen Galinsky
Project Director
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I. Introduction

The debate in this country has shifted from the issue of whether or not mothers of young children should work to a recognition that they are and will continue to be employed in even greater numbers. Concurrently, there has been a shift from a discussion of whether or not the federal government should play a part in the provision of child care services to the question of what that role should be.

In these debates, policy makers frequently turn to research, to delineate what has been learned that can be of use in formulating legislation. If there is any one clear message to be drawn from the research on child care, it is that the quality of child care programs has a definite and lasting effect on children's development. In my testimony this morning, I will summarize what is known about the ingredients of quality early childhood arrangements for children, their parents, and child care staff. I will also discuss what we know about the cost of not providing quality.

II. The Effect of Quality on Children

A. The Relationship Between Provider and Child

1. The Personal Relationship

The most important ingredient of quality is the relationship between the child care provider whether she or he is a teacher in a center, a family day care provider, or an in-home child care provider. Parents know this: In the studies we have conducted at Bank Street College, we have found that parents report that the kind and quality of the attention their child receives from the child care provider strongly affects their decision in selecting one arrangement over another.

Studies have found, in fact, that children do form attachments to their child care provider, although Thomas Gamble and Edward Zigler, in a review of this research reminds us that children's attachments to their parents are pre-eminent. Carollee Howes from the University of California at Los Angeles and her colleagues have found that children with a secure attachment to their mothers and their provider behave more competently than those with two or more insecure attachments. Thus, it seems, the cost we could pay for poor relations between the child care provider and child is the child's feeling that he or she is just one of many as opposed to being treated as an individual; someone "special and unique", which is one of the foundations of emotional and social well-being.

2. The Teaching Relationship

No matter the setting, child care providers are teaching children every moment, both formally and informally. Research shows that the way this teaching is done makes a difference in children's development. For example, a study by Deborah Phillips, Kathleen McCartney and Sandra Scarr has found that when children are talked to, asked questions, and encouraged to express themselves, their social development is enhanced: They are more likely to be considerate. In fact, these children were also rated as more intelligent and task-oriented. The teaching environment, in fact, was more predictive of the children's achievement than their social class background. Kathleen McCartney, in a re-analysis of this same data set, found that when children were in a verbally stimulating environment, they were more likely to achieve in tests of cognitive abilities and language development.

Child care specialists voice concern over situations in which children are bored or pressured. Deborah Lowe Vandell, in a longitudinal study found that 4-year-olds who attended programs in which they spent time aimlessly wandering around were more likely at 8-years of age to have developmental problems, including less acceptance by peers, less social competence and poorer conflict resolution skills.

David Elkind from Tufts University has pointed to the potential problems when preschool children are overly pressured such as elementary school burnout. Thus, the cost we could pay for an inadequate teaching relationship is great: diminished achievement and poorer social skills.

3. The Disciplinary Relationship

There has been a great deal of research indicating that the disciplinary techniques parents use have an impact on the child's subsequent development. These findings can be applied to child care. Children are more likely to develop self-control and to become more compliant, cooperative and considerate of the feelings of others if reasoning is used, if providers explain how a child's behavior affects others, and if problem solving skills are taught. Vandell and Powers found that in higher quality programs, children had many more positive interactions with staff than in lower quality programs. Finklestein showed that when child care providers are trained in behavior management techniques, the frequency of children's aggressive acts is reduced.

Such research counters the societal fear that child care in and of itself leads to more aggression in children. The ways that child care providers handle young children's aggression can lead to greater or reduced aggression. The cost we as a society could pay for children who grow up more aggressive seems high indeed.

4. The Stability of the Relationship

With 40% of all center staff and 60% of all in-home providers leaving the field every year, it is no wonder that a 4-year-old recently said to a teacher, "I don't have to listen to you. I was here before you came and I'll still be here when you leave." Other parents report their children resist going to child care because they simply don't know who will care for them that day. According to the research of Mark Cummings from West Virginia University, children had a much easier time separating from their mothers when they were being cared for by well-known caregivers and when they were in small groups. Carollee Howes, in her studies of family day care, found that there was a cost to children who changed arrangements frequently: They were less competent in their interactions with materials and with the other children.

B. The Resources of the Child Care

The second aspect of quality early childhood arrangements relates to its resources: The group size, staff/child ratio, health and safety considerations, and training opportunities.

1. Group Size and Staff/Child Ratio

The federal government funded the National Day Care Study in the late 1970s to investigate the degree to which the regulated features of child care arrangements had an effect on children's development. One of their most important findings was that the group size made a big difference. In smaller groups as opposed to larger ones, the adults spent more time being with the children and less time simply watching them. The children were more verbal, more involved in activities, and less aggressive. Finally, the children in the smaller groups made the greatest gains in standardized tests of learning and vocabulary.

Although significant, the National Day Care Study did not find staff/child ratio as powerful a predictor of preschoolers' development as group size. This study did find, however, that the number of adults per child mattered a great deal for infants. Poorer ratios were correlated with increased emotional distress, and less pro-social behavior. In a study by Howes and Rubenstein, children in family day care homes with fewer children were more verbal, played more, and showed less distress.

2. Health and Safety

There has been a great deal of public concern about transmission of illness in child care. Susan Aronson,a pediatrician from the Medical College of Pennsylvania, has been studying the health risks in group programs for the past decade. She has found a clear demarcation between those early childhood programs in which children become ill often and those in which they do not: When adults wash their hand frequently, children are healthier.

The cost of children's illness and injury are obvious - in health care expenses and missed days of work for their parents. Children's safety can be improved when providers are knowledgable and when the environment is hazard free.

3. Training

The National Day Care Study concluded that one of the most important ingredients of quality was the on-going relevant training of providers. In programs in which teacher-caregivers had early childhood training, the children behaved more positively, were more cooperative, as well as more involved in the program. These children also made the greatest gains on standardized tests of learning.

In summary, the research on the impact of the resources of the child care program reveal a strong connection between group size, staff/child ratios, health and safety, and training and children's social, physical, and cognitive well-being.

When I think of the cost we as a society pay for less attention to the resources in child care, I think of Jessica McClure, the toddler from Texas. It cost a great deal more to rescue Jessica from the well in her aunt's unlicensed family day care home than it would have cost to prevent the problem from happening in the first place.

C. Relationship With Parents

Numerous studies have been conducted on the long-term effects of early childhood programs, particularly the government-funded Head Start programs. One of the most noteworthy findings is that when early childhood programs are effective, they do much more than teach the child. The parents are affected and through this experience become better teachers, motivators, and advocates for their children.

A recent follow-up study of Head Start in Philadelphia is noteworthy in that it reflects typical rather than exemplary programs. In that study, Head Start children were more likley to avoid serious school programs, were less frequently retained, and had better attendance records than their counterparts in the control group. The researchers suggest that the Head Start program may have reduced the helplessness these parents felt in response to the school. Instead of seeing school as a place where their children were doomed, they may have come to see it as a place where their children could hold their own, and where they, as parents, could speak out on behalf of their children's education.

Conclusion

The studies I have been describing have been carefully controlled. The effects of different family background have been statistically accounted for so that the researchers could determine the impact of quality on children's development. The evidence is uniform. The quality of early childhoood programs has a strong effect on children's development. Carollee Howes summarizes her numerous studies on different forms of child care by stating:

> Children who entered low quality child care as infants were the least task-oriented and considerate of others as kindergartners, had the most difficulty with peers as preschoolers and were distractable, extroverted and hostile as kindergartners.

III. The Effects of Quality on Employed Parents

The research projects which I have directed at Bank Street College over the past seven years indicate that we do not have to wait to assess the cost of child care problems on employed parents: The repercussions are showing up right now in diminished job performance.

A. An Inadequate Selection

It is difficult for parents to find quality child care. In a survey we conducted of 931 employees at three New Jersey companies, 46% of the respondents reported that locating quality arrangements was a "major problem;" 48% did not feel they had an adequate selection. Infant care was the most difficult to find -- 65% indicated that making arrangements for their infants was "difficult" or "very difficult."

A study conducted by the National Council of Jewish Women of 1,927 women in 80 communities throughout the United States approximately five months after giving birth found that those new mothers who had problems arranging child care were more likely to experience higher levels of stress. In the nationally representative study conducted by Bank Street for Fortune Magazine, we found that parents who had trouble finding child care were more likely to have higher absenteeism rates.

B. Satisfaction

It is well known that it can be difficult for parents to admit that they are dissatisfied with the overall quality of child care even though they may admit displeasure with particular aspects of their arrangements. The Bank Street studies show that parents voice the most dissatisfaction with the externals: location, flexibility, and cost. The one strong exception seems to be those parents who use their children to care for themselves or their younger siblings. In a study conducted by Portland State, 57% of the sample of 8,121 reported dissatisfaction with latchkey arrangements as compared to 23% using family day care or centers.

When professionals assess quality, they find a selection process at work that is to the disadvantage of the most at-risk parents. For example, Carollee Howes has found that families who were under the most stress enrolled their children in the lowest quality child care arrangements.

C. A Patchwork System

Our studies show that parents do not use one arrangement for each child -- they piece together a patchwork system. In a study I conducted with a colleague at Bank Street, Diane Hughes, we found parents at Merck & Co., Inc. having an average of 1.7 arrangements per child. A study by Marybeth Shinn from New York University also came up with the same number - 1.7. In the Fortune Magazine study, we found that 38% of the families had as many as 3 to 4 different child care arrangements to contend with.

D. Child Care Breakdown

The more arrangements the family has, the more likely they are to fall apart. The issue of the breakdown of child care arrangement is of great concern because of the high turnover in child care. In the Fortune Magazine study, we found that 27% of the employed fathers and 24% of the employed mothers had had to make 2 to 5 special arrangements in the past three months because their regular arrangement had fallen apart.

The breakdown of child care is strongly associated with productivity. According to Shinn, parents with more child care breakdowns are more likely to miss work. In the Fourtune Magazine study, we found such parents more likely to come to work late or leave early. In fact, in that study, 72% of all employee tardiness was for family-related reasons.

Parents who face more frequent breakdowns in their child care report spending more unproductive time at work according to the Fortune Magazine study. A study conducted by Boston University in two New England companies found that one of every four employed parents said that they worried about their children "always" or "most of the time" while on the job. Such intense reactions to child care problems are expressed by an inability to concentrate on the job and a loss of productivity.

Our Bank Street research also reveals links between child care breakdown and stress as well as stress-related health problems. Parents who had to make more last minute arrangements were more likely to report such symptoms as pains in their backs, heads, necks, shortness of breath, heart pounding or racing, as well as eating, drinking or smoking more than usual.

There have been no studies which have directly assessed the impact of variations in child care program quality (as assessed by standardized measures) and indicators of productivity such as absenteeism or tardiness. Marybeth Shinn and I are in the midst of a study that will provide these data -- we will have results in the fall. Even without this information, however, it is evident that parents who cannot find quality care, who piece together multiple and tenuous arrangements, who have latchkey children, and who face frequent breakdowns in their child care systems have poorer work attendance, are less able to concentrate on the job, and have more stress-related health problems. Thus, as a nation we are paying the cost of these parents' diminished job performance right now.

IV. The Effect of Quality on Child Care Workers

When we think of the impact of quality child care arrangements, we think of children or perhaps their parents but not of the adult providers. Although there has been a great deal of research on the working conditions of employees in most fields, there is a notable absence of such research in child care. Perhaps this is related to the common assumption that child care workers are motivated by their love and concern for young children, and thus we don't think of child care like other jobs.

The child care staffing shortages occurring across the country are calling such an assumption into question. It has become evident that child care workers can no longer afford to stay in such a low paying field and are having to leave their jobs. Consequently, a few studies have been initiated to identify the various predictors of job satisfaction and turnover.

A. Job Conditions

The research of Paula Jorde-Bloom has related various job conditions to job satisfaction for providers. Among the most salient are: job autonomy, relationships with one's supervisor and co-workers, and job clarity. The National Child Care Staffing Study being conducted by Marcy Whitebook, Deborah Phillips and Carollee Howes will examine whether these factors as well as job demands, training, and perceived status in being a child care worker affect job satisfaction as well as the intention to remain in the field.

B. Salaries and Wages

In a California study by Mike Olenick, retention was higher in programs that paid higher wages. The broader based National Child Care Staffing Study now in progress will assess this question in five urban areas: Do programs with higher salaries and better benefit coverage experience lower turnover?

When the issue of salaries is broached, it can sound self-serving -- professionals trying to aggrandize themselves. Considering the below poverty level wages of child care workers and subsequent high turnover, the issue has to be seen as a quality one. In order to provide quality for children, the field must be able to attract and retain qualified staff. I have already discussed the high cost of an absence of quality.

V. The Federal Response

I am very pleased with Congress's attention to the crisis in child care and with the large number of bills that have been introduced. The bill that I am the most enthusiastic about is The Act for Better Child Care. The reason I am such a strong supporter of this bill is that it represents a consensus from a variety of groups and reflects the best thinking and research findings in our field on how to build a substructure for providing child care in this country. As such, ABC addresses the needs of the three groups I have outlined in my testimony. First and foremost, it is built on the idea that parents must have a choice in selecting child care and that the federal role is to enable states and local communities to increase and fortify this system of community child care.

ABC addresses the issue of quality programming for children by requiring 15 hours of training for child care providers as well as by setting very minimal federal standards. Since the research findings are so clear that the regulated aspects of quality affect children's development, it seems to me that a federal bill that was accountable to its citizens for the expenditure of funds could do no less than set this floor of safety for children.

ABC addresses the problems of parents in finding and maintaining child care by helping low and moderate income parents pay for child care, by providing start-up loans and grants. In addition, the bill specifies funding local resource and referral agencies to increase the supply of child care, help parents find arrangements, and provide consumer education on selection.

ABC addresses the needs of staff for adequate salaries by requiring the states to develop plans to deal with compensation and retention.

The beauty of ABC is its cognizance of the inter-relatedness of the availability, affordability and quality problems as well as the inter-relatedness of the needs of children, staff, and parents. Because there is a structure to its funding provisions rather than simply turning the money over to block grants, it builds a strong base from which each community can then address its local needs. It is a perfect balance between set provisions and local adaptability.

The federal government alone cannot solve the child care crisis in this country but it has to be a partner with state and local government, business, religious groups, and social service and philanthropic organizations. The most crucial federal role is in building this substructure. The years of knowledge about the ingredients of quality make it evident that we are losing a great deal by not responding to the crisis of inadequate, tenuous, and poor quality child care. If we don't respond now, we will pay even more for our negligence in the future.

Senator DODD. Mr. Ball, we appreciate your being here.

Mr. BALL. Thank you, Senator.

I represent the Association of Christian Schools International, which operates schools and preschools throughout the United States. These are high-quality, racially-integrated schools. And the Association commends all who love children, who respect the needs of parents, and who want good child care.

I should mention, Senator, that with me is Mrs. Eunice Dirks at the end of the table, not a scheduled speaker, but she is available for questions today. She is the Director of Early Childhood Education for the Association.

One other thing I would mention preliminarily is that there is a footnote at my testimony at page 15, footnote 9, which should be deleted, and I will ask to be permitted to do that.

Senator DODD. It is so ordered.

Mr. BALL. Thank you.

ASCI, the Association which I am speaking of, its success in child care has been due precisely to its religious character, not to religion sterilized of its teachings, of its religious message, of its moral inculcations, its discipline, its spirit of love, its promotion of civility in the sense of decency, its symbols, its religious texts, its prayerfulness, but because it is intensively religious and pervasively so in its schools, it has been able to achieve provedly good results in the care of children.

It is a famous fact that there is more than one methodology in child care, just as there are various, myriad methodologies in the educating of children. Eighty percent of child care in the country, so we understand, right now is being conducted under religious auspices, while 12 percent of all children in elementary and secondary schools are in religious schools.

And yet, under Senate bill 1885, we have the surprising fact that only secular methodology is allowed, and religious child care—that is, the real thing, meaningfully religious child care—is absolutely excluded from the bill and is treated as something alien to the field of child care, in spite of its great presence and its know-how and its experience and its traditions in child care in the United States.

Sections 19 and 20 actually put the Congress in the role of second-guessing the Supreme Court Justices. The provisions of sections 19 and 20 rest upon no decision on point by the Supreme Court of the United States. There just isn't such a case, a decision, at hand.

Those who support sections 19 and 20 have argued that it is commanded by the decision of the Supreme Court a couple of years ago in Aguilar v. Felton, but that plainly was a case with different facts; furthermore, it was a five-to-four decision. And one of the Justices, the swing Justice in the case, Justice Powell—they called him "the fifth Justice"—has now left the Court. Two new Justices are now members of the Court, Justices Scalia and Kennedy. So one asks why try to second-guess the Supreme Court? Why anticipate what the Supreme Court may do by writing these provisions into legislation?

ACSI schools and preschools reject subsidy, so their interest in this bill would never have been dictated by an interest in acquiring subsidy or capital improvements. But its parents would be denied child care, child care certificates, simply because these parents have made a religiously-dictated, conscientious choice to choose a religious child care—I mean again the real thing, genuinely religious, pervasively religious, child care.

The bill even contains an amazing provision—at least amazing to me—which cancels out section 703 of title VII of the Civil Rights Act, which is the BFOQ provision, which provided religious protection, even though that was a prior act of this very Congress.

Second, may I say this, that even if ACSI's parents and preschools and schools and, therefore, children were not excluded as alien from this measure, it questions and is deeply concerned about the fact that child care in the United States should be subject to a single Federal regulatory design. ACSI has a lot of concern about a simple blank check being given to government in this terribly sensitive area.

Here, I'd like to mention very specifically the fact that most religious child care in the United States is not part of any child care industry. Most of the religious institutions that are engaged in child care, most religious child care providers, are not in any way involved in a for-profit operation; they are not involved in a commerce; they are not involved in the bottom line things that the witness from American Express talked about, to up anybody's productivity. The only productivity they are concerned about, these schools which I represent, are good care for children.

The blank check, it seems to us, is accentuated by the fact that you will have a 15-member national advisory commission, which is going to create minimum standards to which all State regulations must conform, and it seems that the bill therefore—and I think many of the people who have argued for the bill today believe that it does set the stage for total government control of all child care and religious education in child care. That being so, we are concerned therefore as religious institutions that the bill will be potentially extremely intrusive in religious child care.

Let me mention some of the sorts of entanglements very briefly to make this perhaps more meaningful.

When we are talking about child care in the religious institution, a religious child care agency, yes, we are talking about attitudes, for example. Mr. Brooks this morning said—and said quite correctly—that rules and regulations cannot create a caring attitude. But what a caring attitude is may differ from person to person. Teaching materials will be distinctive, and are, in religious schools, at least those for whom I am speaking. The area of sex education, with all sorts of moral and religious implications, is a very important area.

The idea of division of time, what will be devoted to what; will this be the religious school's option to say what will ensue, what division of time will be made?

I point out to you, Senator, Justice Brennan's opinion in *Catholic Bishop of Chicago* v. *NLRB,* in which he talked about the extreme danger of having government stepping into a role of using its judgment to apportion time, to dictate curriculum, to dictate textbooks, to dictate materials, teaching materials, to dictate what is a good recreational program. And in the area of teacher qualifications, we have the most serious concerns. We point out there that, at least in the educational field, only five States in the United States require compulsory certification of non-public school teachers. That is because that is rooted in the very profound conviction of public policy throughout the country that that certification, which is necessary for a public school teacher, is not necessarily important, useful or desirable in all private school teachers. Pennsylvania has just passed a law which protects religious institutions in that very respect.

We heard talk today about—and very moving talk—about tragic instances in Hiawatha, KS, and the terrible incident that the Brooks parents mentioned. But we have to understand that these things happen, too, in State institutions in which there is total governance by the State, ironclad control.

By and large, these are not epidemic or anything at all like it, and indeed in the kinds of institutions that I am speaking for, there is a very strict observance of the health and safety standards which the States impose. Mrs. Dirks can speak indeed for California, where ACSI has many preschool operations and schools. These are reasonable and strict standards with respect to health and safety which are today scrupulously observed.

I quite agree that the frauds in this field including, if there are such, religious frauds in the field, should be penalized. But indeed, the religious character of institutions mustn't be subsumed to government control.

We heard quite a good deal of comment about the need for higher standards, but we have to question insistently what is meant by "higher". In "A Nation at Risk" in the field of education, we were shown the fact that in spite of all sorts of so-called minimum standards throughout public education in the United States, we had a conspicuous failure of performance of the end product, the proof in the pudding.

In the area of salaries, our people at sacrificially low salaries because they are doing it as a religious vocation for children and for parents. Shall there be a salary-setting, then, by government? It is a very dangerous thing.

I have mentioned these special areas because they are matters of very, very lively concern to the Association as it comes to look at this endeavor.

In conclusion, we feel that the way to now give meaningful help to American parents is not by providing more tax money for government, but providing less taxation of parents. Here, there needs to be definite improvement in the tax relief which parents may have.

Your objective, we feel, should not be to increase dependency on child care outside the home, but to make child care outside the home unnecessary.

Thank you very much indeed, Senator.

[The prepared statement of Mr. Ball, and portions of a prior statement by Mrs. Dirks follow:]

STATEMENT OF
WILLIAM BENTLEY BALL
ON BEHALF OF
ASSOCIATION OF CHRISTIAN SCHOOLS INTERNATIONAL (ACSI)
TO
SUBCOMMITTEE ON CHILDREN, FAMILIES, DRUGS AND ALCOHOLISM
COMMITTEE ON LABOR AND HUMAN RESOURCES
RE S.1885 ("ACT FOR BETTER CHILD CARE SERVICES OF 1987")
MARCH 15, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE ON CHILDREN, FAMILIES, DRUGS AND ALCOHOLISM:

I am William Bentley Ball, partner in the law firm of Ball, Skelly, Murren & Connell, Harrisburg, Pennsylvania. I testify today on behalf of the Association of Christian Schools International (ACSI), an organization of 2,471 evangelical Christian educational institutions throughout the United States. Its students are representative of all races and economic groups. Its membership includes a large number of pre-schools.

Mr. Chairman, ACSI is grateful to this Subcommittee for affording it the opportunity to come before you today. We are especially happy that members of the Congress are expressing a strong interest in "better child care services."

Permit me now to tell you how ACSI views child care services. As I state its perspective, I would like you to focus on the facts (a) that ACSI's schools (racially nondiscriminatory) are everywhere recognized for the quality of the care and education they are providing to children, (b) that these schools, as a matter of principle, decline direct or indirect governmental subsidy, (c) that ACSI school teachers work - solely out of dedication to children - at lower pay levels than are to be found in many private schools and in all public schools.

When we speak, then, of ACSI schools, we are speaking of a very important reality: a dedicated force for the protection and betterment of children by experienced professionals who are "in the trenches" in that struggle and achieving excellent, tangible results.

But you should also know that ACSI's mainspring - the thing that motivates it and causes it to succeed - is its religious commitment. Because of the extreme importance of that fact, it is imperative that you know that 80 percent of the pre-school programs in America are ministries of religious communities, while about 12 percent of all elementary and secondary education takes place in religious schools.

We are well aware that there exists more than one methodology for the education and care of children. It is not our point here to disparage methodologies different from our own. But what is imperative is to understand that, if we are faced (as the sponsors of S.1885 rightly insist) with a national crisis in child care, then all provedly sound programs for children must continue in service, and no program which is significantly contributing to child welfare must be discontinued.

I am thus brought to three points: (1) ACSI's methodology, (2) the effect of S.1885 on child care nationally, (3) the resulting need for amendment.

1.

ACSI'S METHODOLOGY: IT "WORKS" AND THEREFORE IS AN INDISPENSABLE CONTRIBUTOR TO AMERICA'S CHILD CARE EFFORT.

I here respectfully refer you to Supplement A. That is the testimony of Eunice E. Dirks, Director of Early Childhood Education, ACSI, which she prepared for presentation at the House hearings on the parallel H.R.3660. I think it essential that you study it because it supplies a perspective vital to you in addressing the subject of child care in our country.

2.

S.1885, AS PRESENTLY DRAFTED, IS CONTRARY TO THE PUBLIC INTEREST IN QUALITY CHILD CARE BY THREATENING THE ELIMINATION OF THE RELIGIOUS SECTOR.

When ACSI first heard of the proposal of the "Act For Better Child Care," it was highly interested. It is always most anxious to support good legislation for children. Nothing, in the accounts which ACSI heard, gave any indication that the legislation, in its final form, would have the aim of eliminating the religious child care sector.

We find incredible Sections 19 and 20 of S.1885.

First, Section 19 flatly disqualifies not only ACSI's schools, but all really religious schools from being schools through which the benefits of the legislation may be realized. Section 8 of your bill, dealing with state allotments, calls for grants to private nonprofit agencies, as well as the distribution of child care certificates to parents of eligible children. But Section 19 denies funding for "sectarian purposes." These it defines as

> "Any program or activity that has the purpose or effect of advancing or promoting a particular religion or religion generally."

All programs and activities in ACSI's schools indeed seek the promotion of the Christian religion. It is through that very means that they make so strong a contribution to the public sector of child care. As I have tried to show you, the very reason - the whole reason - why its program is so successful a contributor to the protection and betterment of children is its religious nature.

ACSI schools, as a matter of firm principle, reject public subsidy in any form. Hence these schools would not seek or accept grants under Section 8 or grants for capital improvements. But by Section 19 of your bill you cast out all parents of children in religious schools. Under that section such parents are not allowed to be recipients of child care certificates solely because they have exercised a conscientious choice in the educating of their children.

Thrown out with those parents are, of course, children who, but for the conscientious choice of their parents, would be classified, under Section 3(5) as "eligible" children.

Can it be possible that the sponsors of this legislation desire to see a bill enacted which treats our highly effective religious sector as alien to the child care effort, which says that only secular methodology is appropriate in child care, which, in fact, treats religion as an outcast? We wonder indeed how such a retrograde provision came to be part of what was represented to be a bona fide, whole-souled effort to help American children.

Whoever is responsible for the adding-on of Section 19 has sought to thrust Senate sponsors of this bill into the role of Justices of the Supreme Court. The Supreme Court has not ruled that those specific requirements set out in Section 19 are required by the Constitution, where parental purchase of child care services is involved. Why does Section 19 try to anticipate how the Supreme Court will act? This provision is a wholly gratuitous and irrational exclusion. If enacted, its effect will be to exclude the indispensably necessary religious sector from the struggle to help children in the face of the mounting child care crisis.

The bill contains a further provision with respect to religion, one which can only be called extreme. It cancels out the exemption given to religious institutions in Section 703 of Title VII of the Civil Rights Act.[1] While this cancellation is of very dubious constitutionality, ACSI, as an organization of religious child care providers, can only stand in amazement that the sponsors of this bill would dream of wiping out the protection which the Congress itself has long deemed to be a wise and necessary protection of religious institutions.

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[1] Section 703 permits religious employers to hire employees on the basis of religion where religion is a bona fide occupational qualification reasonably necessary to the normal operation of the institution.

We are surprised to find religious discrimination a feature of your bill. In fact, your bill contradicts itself. Section 20 bars child care providers from discriminating on the basis of religion. Yet discrimination against religion is the whole point of Sections 19 and 20. Worse, it is discrimination against children and parents.

Mr. Chairman, the Association of Christian Schools International, on behalf of all of its member schools, administrators, teachers, parents and children, respectfully urges the deletion of those sections. The Congress, fixing its whole intent on the needs of children, should be inclusive, not exclusive, in coming to their aid. It should leave it to the courts to resolve any speculative constitutional problems.

3.

S.1855, AS PRESENTLY DRAFTED, POSES SERIOUS DANGERS TO PARENTS AND NONPUBLIC CHILD CARE AGENCIES. IT WOULD POSE THE SAME DANGERS TO RELIGIOUS AGENCIES IF THEY WERE NOT EXCLUDED FROM ITS SCOPE. IT HENCE NEEDS EXTENSIVE REVISION.

S.1885, if enacted, would place all private agencies, and all of the fifty states, within the total control of the federal government in respect to child care. Our testimony will not pause long to discuss the vast implications of this transfer of power. Suffice it to say that, with the adopting of S.1885, all private initiative and private creativity in child care would be supplanted by government. The voluntary endeavor - in spite of its long experience, its immense contribution, its invaluable know-how, would henceforth live by mere sufferance, a tenant at will in the house of government. Secondly, the states would be superseded, in a vital area of social concern, by a unitary federal bureaucracy. I recall with some nostalgia the remark of the late Justice John M. Harlan, who spoke of the states as "laboratories" for the development of new ways to deal with social problems. To do that, independence is required - not, of course, from social responsibility, but from a suffocating monolithic federal design. Finally, what this bill would obliterate would be those special guarantees not only of freedom but of quality - namely, local control and closeness to the people.

I pass from this threshold consideration to specific provisions of S.1885. Permit me to refer to these by posing a number of questions:

1. What is meant by "high quality child care programs"?[2] The bill contains no definition whatever of "high quality." This is, in a way, like trying to produce "Hamlet" without Hamlet. "High quality" is the basic term on which the entire bill depends. But it is nowhere defined in the bill. The bill proceeds to call for an initial $2.5 billion of funding, but with no definition of the stated object of the funding. It calls for creation of a gigantic new governmental structure, but it never tells us, in precise terms, what it is that the structure is aimed to sustain.

Now it is essential that this Committee know what the best practitioners in the field of child care know: that there are many methodologies, various schools of thought, as to what constitutes "quality" child care. All experts in child care who are not seeking to impose their views on others, and who do not seek legislation and public funds for that purpose, affirm that. ACSI certainly affirms that. ACSI believes that its God-centered methodology is best. But ACSI does not seek to have its views imposed upon others by governmental force and sustained through taxpayers' money. Not so, however, several of the national organizations which are proponents of this bill. They appear not to share my client's liberality. Not only have they gone to the extremist length of treating the whole religious child care sector as non-existent (if not as an evil); they have also given the most vigorous support to (and are very possibly the originators of) the idea of a National Advisory Committee on Child Care Standards. I ask that you focus on this for a moment, as we inquire:

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[2] S.1885, §2(a)(3).

2. Should child care in the United States be subject to a single federal regulatory design? S.1885 gives the National Advisory Committee the power and the duty to create a compendium of "minimum standards" for child care programs.[3] These are to include - but are not limited to - group size limits, "appropriate" staff-child ratios, "qualifications" and "background of child care personnel."[4] While the bill empowers each state to develop a "State plan" for child care regulations, under Section 7, that plan must

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3. S.1885, §18(c).

4. S.1885, §18(d).

be in compliance with the federal minimum standards.[5] Indeed

> "[t]he Secretary [of Health and Human Services] shall review and approve State plans submitted in accordance with section 7 and shall monitor State compliance with the provisions of the Act."[6]

Sanctions will be applied if there is a failure of State compliance; and the federal Secretary of HHS "shall monitor State compliance with the provisions of this Act."[7] While Section 3(7) defines "Eligible Provider" to mean any child care facility or provider "which meets the Federal, State, and local standards set forth in this Act," not a single such standard appears anywhere in the text of the Act. Instead, appears a total delegation of standard-setting power to the National Advisory Committee.

It becomes critical, then, to ask who the "National Advisory Committee on Child Care Standards" is to be. While Section 18(a)(1)(A) says that its members will include "representatives of different types of child care programs," the Committee is in fact composed of but 15 members, all of whom are to be politically appointed (5 by the President, 3 by the majority leader of the Senate, 2 by the minority leader of the Senate, 3 by the Speaker of the House, and 2 by the House minority leader). Of the 15, at least 4 are not to be representatives of private child care agencies (but instead representatives of organizations of child care employees, of community child care programs, people with background in regulating child care, and people from resource and referral programs). These, and any of the remaining 11 members, may be "regular full-time employees of the United States Government."[8] While thus it is possible that the entire Committee (except for representatives of organizations representing child care employees) could be government employees, it is also true that there is no mandate in the bill that strong or even barely adequate representation by private, voluntary child care administrators exist. This is especially surprising in view of the fact that the voluntary sector constitutes the nationally predominant child care sector and, moreover, is the sector with the longest experience and best competence in the child care field. If the bill were amended to get rid of its religious apartheid feature, it would be even more essential to make provision that religious child care had substantial representation on this Committee.

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[5] S.1885, §7(c)(3)(B).

[6] S.1885, §16(a)

[7] S.1885, §16(a).

ACSI's conclusion in respect to our second question is

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8. S.1885, §18(b)(2).

that the bill's novel concept of committing virtually all child care in this nation to the mind and will of a Committee of 15 federal appointees is a very bad and very dangerous piece of superstatism. We note that 90 days after its standards are published, the Committee goes out of existence. Only one provision is made which permits the amending of its handiwork (without, we suppose, new Congressional legislation). That is the power given to a new federal agency head entitled "Administrator of Child Care." This individual is given power to:

> ". . . issue, amend, or rescind regulations to carry out the provisions of the Act, except that the Secretary shall not issue any revisions of the standards promulgated pursuant to section 18 of this Act, that would make such standards any less comprehensive or stringent than the standards as initially promulgated."

This, regardless of the fact that the federal standards, once in operation, may appear defective, foolish, or overdone, and needing liberalizing amendment. The Secretary is forbidden to relax them and is allowed only to increase their stringency. In light of this, we come to a third question:

3. What justifications really exist for provisions of the bill which are extremely intrusive and disruptive to existing private child care work? We beg you not to be stampeded by broad and reckless assumptions expressed concerning present child care and which implicitly downgrade private endeavor. The worst of these assumptions paints for you a picture of, on the one hand, a total crisis, and, on the other, a minority of bumbling private child care agencies which, at best, lack real professional know-how and, at worst, are positively dangerous for children. You should put aside this gross caricature and (we suggest with all due respect) step out into the real world and see for yourselves the excellent on going private child care work and what it is achieving, and, based on its own abundant experience, its essentially excellent track record. You will see living proof that most private initiatives are successful outside the framework of an imposed monolithic governmental system.

We do not deny that there exist some private endeavors which are not successful, or which are even bad. But these are, in fact, few, and lurid media accounts of these violators of ethics or perpetrators of fraud, or examples of incompetence, ought not to frighten us into a government takeover of the 95% of private efforts which are serving children and families admirably. As you think of this, you should also resolve that, before you legislate this governmental takeover, you will conduct a realistic examination into the question of what success, or lack of success, governmental agencies have been achieving in the care of children. That picture is not one which should encourage us to say that "government knows best." As in the case of our public schools, so with governmentally run child care agencies: the present record is one which does not compare favorably with the record of private groups.

There would, therefore, certainly be no call whatever for creating, in this bill, a governmental duty to "assess the effectiveness" of child care work in a religious child care agency. How would government measure the "effectiveness" of religion upon the well-being of a child? What business would government have in prescribing the training which religious personnel in a religious agency should have? Since employees in many religious child care agencies choose to serve children and parents at sacrifically low salaries, how is it reasonable for government to determine salaries, in religious institutions, which government deems "adequate?"

4. Why is the term "adolescent pregnancy" used in Section 2? Section 2(a)(5) is a finding that "high quality childhood development programs" are "cost effective" because they can reduce the chances of (among other things) "adolescent pregnancy." Section 2(b) says that the overall purpose of the Act is to provide "high quality child care to children." We are deeply concerned that this legislation appears designed to be a vehicle to install universally applied, federally backed sex education programs. You are well aware that there exist in America radically differing philosophies in respect to sexual morality, parental rights with respect to the care and moral development of their children, the integrity of family life and rights of familial privacy. The insertion of the term "adolescent pregnancy" must be taken to be deliberate and as a statement of Congressional intent which can later be relied upon as the legal basis upon which to base a national regulatory scheme imposing a program upon all American children and families involved in day care which millions of our citizens absolutely reject on moral and constitutional grounds.

It is now - not later - that you should ponder those grounds. Long ago, in its landmark decision in Pierce v. Society of Sisters[9], the Supreme Court laid it down, as fundamental, that "the child is not the mere creature of the state" and that parental rights in child care are primary. In a justly celebrated opinion the Court ruled out for all time the kind of society envisioned in Plato's Republic[10] wherein state control of the formation of youth was both pervasive and absolute.

We think that you should not only delete the reference to "adolescent pregnancy" but that you should also provide language expressly excluding sex education from the definition of "School age child care programs." (Section 3(14)).

The Congress of the United States should not make itself the advocate for well known pressure groups whose views on sexual morality are sharply deviate from the moral sense of most Americans.

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[9] Pierce v. Society of Sisters, 268 U.S. 510 (1925).

[10] Meyer v. Nebraska, 262 U.S. 390, 401 (1923).

CONCLUSION

The way to now give meaningful help to American parents is not by providing more tax money for government, but by providing less taxation of parents. Tax relief (for example, tax credits), not added tax burdens, should be your aim. Your objective should not be to increase dependency on child care outside the home but to make child care outside the home unnecessary. In evaluating child care, however, you should look, not to pressure group *recipes* for quality care, but to private group *results*. The proof is in the pudding, if you will but pause to consider that primary fact.

STATEMENT OF
EUNICE E. DIRKS, M.A.
ON BEHALF OF
ASSOCIATION OF CHRISTIAN SCHOOLS INTERNATIONAL (ACSI)
TO
SUBCOMMITTEE ON HUMAN RESOURCES
HOUSE COMMITTEE ON EDUCATION AND LABOR
RE H.R. 3660 ("ACT FOR BETTER CHILD CARE SERVICES")
, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE ON HUMAN RESOURCES:

I am Eunice E. Dirks, Director of Early Childhood Education for the Association of Christian Schools International. I have held that post for the past sixteen years. For an even longer period of time I have been professionally involved in various aspects of child care - first, in the public schools of Los Angeles County (I hold a State of California Teaching Credential) and in Dallas, Texas; later as principal of two elementary schools; finally, through professional studies. In the last-mentioned connection, I hold a Bachelor's Degree in Educational Psychology from Pepperdine University and a Master's Degree in Administration from California Graduate School.

Pre-school education has been an area of special interest to me. I personally founded two pre-schools in the 1960's, and I am author of ACSI's Manual For Pre-School Administration. It is for ACSI that I am testifying before you today.

The Association of Christian Schools International (ACSI) is an organization of 2,471 evangelical Christian educational institutions throughout the United States. Its students are representative of all races and economic groups. Its membership includes a large number of pre-schools.

Mr. Chairman, ACSI is grateful to this Subcommittee for affording it the opportunity to come before you today. We are especially happy that members of the Congress are expressing a strong interest in "better child care services."

Permit me now to tell you how our Association views child care services. As I state our perspective, I would like you to focus on the facts (a) that our schools are everywhere recognized for the quality of the care and education they are providing to children, (b) that these schools, as a matter of principle, decline direct or indirect governmental subsidy, (c) that our school teachers work - solely out of dedication to children - at lower pay levels than are to be found in many private schools and in all public schools.

When we speak, then, of ACSI schools, we are speaking of a very important reality: a dedicated force for the protection and betterment of children by experienced professionals who are "in the trenches" in that struggle and achieving excellent, tangible results.

But you should also know that our mainspring - the thing that motivates us and causes us to succeed - is our religion. Because of the extreme importance of that fact, it is imperative that you know that 80 percent of the pre-school programs in America are ministries of religious communities, while about 12 percent of all elementary and secondary education takes place in religious schools.

We are well aware that there exists more than one methodology for the education and care of children. It is not our point here to disparage methodologies different from our own. But what is imperative is to understand that, if we are faced (as the sponsors of H.R. 3660 rightly insist) with a national crisis in child care, then all provedly sound programs for children must continue in service, and no program which is significantly contributing to child welfare must be discontinued.

I am thus brought to two points: (1) ACSI's methodology, (2) the effect of H.R. 3660 on child care nationally.

1.

ACSI'S METHODOLOGY: IT "WORKS" AND THEREFORE IS AN INDISPENSABLE CONTRIBUTOR TO AMERICA'S CHILD CARE EFFORT

Religion has proved, throughout our country's long history, to be an immense force for good. We are not bashful about saying that the Christian schools of ACSI are an integral expression of our belief in the teachings of Jesus Christ. The affirmative results of this schooling in the lives of children have long been manifest to us.

Pursuant to those teachings, we believe that the parent has the primary right and duty with respect to the nurture and educating of children. While we base this upon Biblical teachings, we are pleased that this has also been established in the decisions of the Supreme Court which has said:

> "This primary role of parents in the upbringing of their children is now established beyond debate as an enduring American tradition."[1]

Therefore, it is imperative that the parent be intimately involved with the child's education.

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[1] Wisconsin v. Yoder, 406 U.S. 205, 232 (1972).

Our schools thus have a religious duty to be supportive of parents and family, to impart the ancient truths of the Bible in all that our schools teach, and to employ qualified professionals with spiritual and moral integrity. When Christian school educators enter the field of Early Childhood education, they do so with the understanding that they are to train and educate young children on behalf of their parents, *not in place of them*.

Another key point: our religion teaches us that children grow developmentally, they learn by doing; and they learn by example. *What* they do in schooling, therefore, and *whose example* is given them, will be the story of their development. Here we stress the make-or-break importance of the first four or six years of a person's life. Your bill is absolutely correct when it says that "the years from birth to age 6 are critical in the development of a young child."

It is hence in our schools that we provide opportunities for young children to develop a "Godly character." What do I mean by that? The best-known test of traits of Godly character is found in Galatians 5:27-23: love, joy, peace, patience, kindness goodness, faithfulness, gentleness, and self-control. Can it be denied, in today's sorely troubled America, that the inculcation of such traits is of critical value? Daily activities in our schools promote the practice and development of these * * *

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Senator DODD. Thank you, Mr. Ball. Believe me, if I could achieve the latter objective somehow, I am sure I would be applauded wildly. As I mentioned earlier, I think most statistics prove that both men and women—and particularly a vast increase in the number of women of late—are in the work force out of economic necessity.

But I wanted to tell you, before going to Ms. Lyss, that in terms of the issues you have raised surrounding sections 19 and 20, an ongoing series of discussions is taking place. As you may be aware, there are ongoing discussions on how to deal with those particular sections. Many of the points you have raised are ones that you would not get any argument on from this chairman or others; they have to be addressed. And you are absolutely correct that there are religious institutions across this country that provide a tremendous service. And that, I would hope, is going to be resolved—at least on that particular point—to your satisfaction. Whether or not it is to your complete satisfaction and to others', I don't know obviously. But I wanted you to know that there is an ongoing effort.

With regard to the advisory panel, I would just point out to you that what we have set up here is pretty much boilerplate language that is used by HHS in a variety of other areas. Obviously, anything we do in this realm is always subject to publication, public comment and the like. So it is not a question as some would fear, of just establishing the panel and getting some recommendations and then forcing them down the gullets of the American people.

I suspect a lot of the concerns expressed by the institutions that you represent probably have more to do with local health and safety standards than the question of minimum requirements for a certain amount of background and training for child care workers. But again, I am not here to speak for you, obviously; you have done very well on behalf of the association. We appreciate your being here. You brought up some very good points. I especially wanted you to know—I don't know if you were here earlier this morning when I mentioned it—about the ongoing effort to try and resolve the issues surrounding sections 19 and 20. But you have articulated some of them very well here in your statement, and we appreciate it very, very much.

Ms. Lyss.

Ms. LYSS. Thank you.

The National Council of Jewish Women is an organization with 100,000 members. We operate over 2,000 services projects in communities throughout the United States. Since NCJW's establishment in 1893, our organization has been concerned with the rights, needs and quality of life of the Nation's children.

Today I would like to talk about why NCJW believes that the ABC bill is an important response to the current child care crisis and a necessary investment in the future of our Nation.

The lack of affordable, available, quality child care is not a new issue. In 1972, "Windows on Day Care," NCJW's landmark survey of day care in America, cited an acute and intensifying shortage of developmental day care and reported highly disturbing deficiencies in available services.

NCJW supports ABC's goals to increase the accessibility of quality, affordable child care. Through our studies, we have seen the churches and religious organizations play an active role as partners in the provision of child care services. NCJW is working with the other child care advocates that you mentioned to ensure that this partnership is consistent with the constitutional principle of separation of church and state. Only with this insurance can this partnership flourish.

The issues we identified in "Windows on Day Care" more than 16 years ago are the same today. NCJW's commitment to bettering child care has not diminished. We are preparing right now a national campaign, "Challenge for Community Action," that will focus on problems of child care in local communities.

The NCJW Center for the Child, a research institute, has been addressing work and family issues. "Mothers in the Workplace," our inaugural project, is a national study of how working parents reconcile the conflicting demands of work and child care. The field research conducted by more than 1,000 volunteers throughout the country revealed much about the infant care problems of the 2,620 working women interviewed.

When moderate and lower income parents are forced to arrange child care outside the extended family, the costs become prohibitive, and the quality of care frequently suffers. Our study indicated that families with household incomes below $25,000 spend on average 17 percent of their household income on child care. This compares to 7.5 percent for families with incomes of $25,000 and more.

Senator Hatch and others have all said, and I agree, that we cannot continue to have this kind of a two-tiered system.

The responsibility for the provision of child care services must be shared by many partners, including all levels of government, employers, service providers, consumers, and voluntary organizations. Some say it is the responsibility of the State to meet the child care needs of its families, and that is partially true. However, a State's response to the child care crisis is more dependent on its economy than the number of children needing child care. States alone cannot fill all the child care needs of this Nation.

Some say it is the responsibility of employers to meet the child care needs of their employees, and that is also partially true. The findings that were mentioned earlier from the recent Bureau of Labor Statistics indicate that some of the Nation's workplace are in fact providing child care, but most of it is nonfinancial assistance.

Contrary to some reports based on employer's experiences, findings from the "Mothers in the Workplace" study indicated that working mothers find employer-provided child care benefits very useful. When working mothers were not offered child care benefits and were asked whether they would find them helpful, their responses were overwhelmingly affirmative.

As a research coordinator of the "Mothers" study in St. Louis, MO, I interviewed women both before and after the birth of a child. Their overriding concern, which cut across all ethnic, racial, and socio-economic backgrounds was child care. In addition, the women in our study who had difficulty with their child care arrangements reported high levels of stress at home and an inability to function well on the job.

Clearly, employers play an important role in any child care partnership. But they alone cannot be expected to meet the needs of working parents. The role of the Federal Government has decreased. The largest source of Federal child care assistance, title XX, has been dramatically reduced. The Federal Government must assume the lead role in responding to the child care needs of America's families.

Despite efforts in my State of Missouri to increase the supply, there are still 2,000 children waiting for day care. There are 67,886 children under the age of six living below the poverty level. There are 6,775 slots provided by title XX.

Mothers want to finish job training or get a job, but without day care, they face unacceptable choices. I think we heard those this morning from the parents on the panel. The choices are to stay on welfare, or go to work and frequently leave their children unattended.

At the present time, the State's subsidized day care program in Missouri is shut down, and no families are being approved. The amount the State reimburses for day care, approximately $37 per week, is so much less than the actual cost of care that some centers are limiting the number of children they accept and may soon reach the point where they will not accept them at all. So we find many children waiting outside the door with little or no hope of getting inside to receive safe day care.

Sixteen years ago, NCJW's "Windows on Day Care" called for a Federal appropriation of $2 billion for 1973 to expand and improve quality day care services. It is saddening that there has been so little progress over the last 16 years. It is heartening, however, that today there is a renewed interest and fervor in the child care issue across the political spectrum.

It is time to take the first step in developing a national child care policy that provides the resources to support America's families in their quest to be both productive workers and caring parents. NCJW is proud to have had this opportunity to support and speak on behalf of the ABC.

Senator DODD. Thank you very much.

[The prepared statement of Ms. Lyss follows:]

ncjw

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STATEMENT OF NATIONAL COUNCIL OF JEWISH WOMEN

Lynn Lyss, NCJW National Vice President

SUBMITTED TO THE U.S. SENATE LABOR & HUMAN RESOURCES COMMITTEE
Subcommittee on Children, Families, Drugs & Alcoholism
March 15, 1988

I am Lynn Lyss, National Vice President of the National Council of Jewish Women (NCJW). NCJW is the oldest Jewish women's organization in America with 100,000 active volunteers in 200 communities nationwide. Since NCJW's establishment in 1893, when volunteers worked to gain the passage of child labor laws, the organization has been concerned with the rights, needs and quality of life of the nation's children and youth. Research, advocacy and community service form NCJW's combined approach to its six priority areas of women's issues, Israel, aging, Jewish life, constitutional rights, and children and youth.

Today I would like to talk about why NCJW believes that the Act for Better Child Care Services (ABC/S. 1885) is an important response to the current child care crisis and a necessary investment in the future of this nation.

ABC, a comprehensive child care initiative, provides an infrastructure solution and begins to respond to a critical need of America's low and middle income families with children. It would provide states with new federal funds to make child care more affordable for low and moderate income families; increase the number of child care facilities and qualified day care staff available to all families; and improve the quality of day care services, help coordinate child care resources, and encourage a range of day care options so parents can find appropriate services for their children.

The Child Care Crisis

The lack of affordable, available and quality child care is not a new issue--either for the nation or NCJW. Windows on Day Care, NCJW's landmark study of the 1970's, was one of the first to bring attention to the problems of our day care system.

The report tells the story of what members of our organization in 77 of their local Sections saw when they examined existing day care needs and services in their communities.

In 1972, Windows on Day Care reported that not only was there "an acute shortage of developmental day care services in the United States... but (that) this shortage is intensifying. Millions of children are being deprived of opportunities for the care and development which should be their birthright." In many communities volunteers found that "an eight or tenfold or even greater expansion of comprehensive quality day care would be necessary to meet existing needs."

All 77 city reports summarized in the study indicated not only a serious quantitative shortage but also highly disturbing deficiencies in the quality of services available. One-fifth of the centers visited were regarded as "poor," nearly one-half--primarily custodial--were rated "fair," and less than one-third considered of "good" or "superior" quality.

Unfortunately, the problem of yesterday is the crisis of today: over-crowded conditions; long waiting lists; under-funded support systems; growing numbers of latch-key and lock-in children; inadequately trained and poorly paid providers.

The issues identified more than 16 years ago in NCJW's Windows on Day Care are the same--the times, however, have changed. In 1972, there were only 12 million working mothers. Since the 1970's, there has been a 108% increase in the number of married mothers with infants under the age of one in the workforce. Today, there are 50 million women in the workforce who make up 44% of the total labor force. And over 80% will become mothers during their working lives.

In 1985, 84% of black working mothers, 69% of white working mothers, and 79% of Hispanic working mothers worked full-time. 1.7 million of these working women became pregnant. Most of these women took only brief leaves of absence from work for childbirth.

With the influx of women in the labor force comes the increased need for child care. Presently an estimated nine million children in the U.S. need day care--a figure estimated to rise by three million in the next three years. And by 1995, 2/3 of all pre-school children and four out of five school-age children will have mothers in the workforce.

Women are in the workforce to stay, and yet our national policy does not reflect this very significant and permanent change. As the number of children with working mothers has grown so dramatically, there has been no corresponding commitment on the part of the federal government to invest in good child care.

Our failure to meet this nation's child care crisis is reflected in the growing number of senseless tragedies. Many of you may know the story of Linda Grant from Dade County, Florida. In 1986, her three- and four-year-old sons tumbled and burned to death while playing in the clothes dryer when their mother went to work and left them at home alone after her child care arrangements fell through. She was on a waiting list with 22,000 other families for government-subsidized child care. That list has now climbed to 28,000.

There is no policy in place to prevent such tragedies in the future.

The NCJW Center for the Child has been addressing child care and other work-family issues in its Mothers in the Workplace study. Established three years ago as an outgrowth of NCJW's deep concern for children and families, the Center's mission is to promote the well-being of America's children and families through research that can be put to practical use in shaping programs and policy in both the public and private sectors.

Mothers in the Workplace--the Center's inaugural project--is a national study of how working parents reconcile the often conflicting demands of job and family life. Field research has been conducted by more than 1,000 trained NCJW volunteers in 100 communities across the country. While the sample was not randomly drawn from the population of all pregnant women in the United States, every effort was made to reflect the diversity of that population with respect to education, ethnicity, income, age, occupation, industry, parity, marital status, and other socio-demographic factors.

Interviews with 2,620 working women during their third trimester of pregnancy and follow-up interviews with these same women four to seven months after childbirth, reveal much about infant care problems and solutions in the lives of working parents. While the unavailability of affordable child care makes it impossible for some new mothers to re-enter the labor force, most find some solution.

Moderate and lower income working parents frequently turn to relatives for assistance. Among parents in our study with total household incomes below $25,000, 30% rely upon relatives for infant care services, while 22% of these parents meet their infant care needs mainly, or entirely, by sharing child care responsibilities among themselves. When relatives provide care, 47% are not paid for their services, and when relatives are paid for infant care services, 97% are paid at below-market rates.

When moderate and lower income parents are forced to arrange infant care outside the family and extended family network, the costs become onerous and the quality of care may suffer. Families with household incomes at or above $25,000 per year spend on the average 7.5% of their total household income for full-time (35 or more hours per week) infant care purchased from non-kin. For families with household incomes below $25,000, the cost of infant care provided by non-kin rises to 17% of household income. That percentage rises as household income decreases.

Moreover, when moderate and lower income parents have to purchase child care services from non-kin, they pay less on the average for services of the same type than do higher income families. This finding suggests that lower and moderate income parents seek out the least expensive services offered in the local marketplace, which are the only services they can afford, but which may be of questionable quality.

The same forces that are pushing more and more mothers of young children into the labor force, and keeping women in the labor force for longer periods of their lives, will make it increasingly difficult for low and moderate income working parents to find relatives who are willing to provide child care services at no or low cost.

Thus, in the absence of public and private efforts to increase the supply of affordable, high quality child care, lack of access to affordable care will become a growing constraint on the labor force participation of women. The constraints on working women with lower earning power and fewer household resources may force them out of the labor force entirely, with negative economic consequences for themselves, their children, and society.

As for women on welfare who maintain families, their entry into the labor force will become increasingly difficult.

Last, but certainly not least, what will happen to the children? Our child care service system is already two-tiered and becoming more so. As lower income working parents must increasingly purchase child care services from non-kin in a "sellers market," it seems inevitable that the quality of care their children receive will suffer by comparison with services purchased for children of the economically advantaged. This makes neither moral nor economic sense. We simply cannot allow such inequity to persist and worsen.

While the responsibility for the provision of child care services must be shared by many partners--including all levels of government, business, labor, the voluntary sector, and parents--NCJW believes the federal government must take a leading role in responding to the child care needs of American families.

Rather than meeting its responsibility, the federal government has only diminished its role while other sectors of society have attempted to respond to the child care crisis.

The Role of the State

Some say it is the responsibility of states to meet the child care needs of its citizens--and that is partially true. However, a state's response to the child care crisis is more dependent on its economy than the number of children needing child care. For example, a state that has a stronger economy, such as New York, has a stronger child care policy than a state with a weaker economy, such as Georgia, which was forced to cut already minimal standards and salaries by 37% last year.

With such an uneven response regarding child care policies, states alone cannot fill all the child care needs of this nation.

ABC addresses the importance of the states' participation in the child care partnership by building upon the existing infrastructure of each state and allowing states to use funds to recruit and train family day care providers, to help providers meet child care standards, and to provide for training and technical assistance to child care staff. ABC would facilitate the coordination and delivery of each state's wide variety of child care systems to best meet the needs of its working families.

The Role of the Employer

Others say it is the responsibility of employers to meet the child care needs of their employees--and that is also partially true.

Although some employers are beginning to view child care assistance as a good investment in their workforce, very few have yet invested in child care benefits. Findings from a recent survey by the U.S. Department of Labor Bureau of Labor Statistics indicate that only 11% of the nation's public and private "establishments" (or workplaces) with 10 or more employees provide any child care benefits or services. Employer sponsored day care is available at or near only 2% of workplaces. Only 3% of workplaces provide any assistance with child care expenses, while 5% offer child care information and referral services.

These findings on the availability of child care assistance closely parallel findings from NCJW's Center for the Child Mothers in the Workplace study based on interviews conducted with working women late in their pregnancies. In follow-up interviews after childbirth, these same women were asked about their utilization of any child care benefits offered by employers and how helpful they would find such benefits if they were offered.

Contrary to some reports based on employers' experiences, working mothers in our research sample were quite likely to find employer provided child care benefits useful. Fifty percent (50%) of working mothers who were offered child care benefits made some use of them. When available, 51% made use of employer sponsored child care centers at or near work; 52% accepted help from their employers in covering the expenses of child care (including discounts at independent child care centers and family day care homes); and 51% made use of information and referral services. Moreover, 74% of women using these services found them to be very helpful.

When working mothers who did not have child care benefits on the job were asked whether they would find them helpful, their responses were overwhelmingly affirmative: 70% said employer sponsored child care at or near work would be very helpful; 56% said child care information and referral would be very helpful; and 80% said that assistance paying for child care would be a very helpful benefit.

Further findings from NCJW's Center for the Child Mothers in the Workplace study reveal that among women who went back to work four to seven months after childbirth, 46% are having some problem arranging child care. Those who reported having child care problems experienced much higher levels of stress and much more work-family conflict that "made it difficult for them to do their jobs." When child care is a problem for working parents, it is also a problem for their employers. Finding a solution to the nation's child care problem not only serves the interests of working parents, but also employers and the national economy.

Clearly, employers play an important role in any child care partnership, but they are also unable to meet the needs of all those families seeking good child care.

The Role of the Federal Government

While the roles of state governments and the private sector have increased in some cases, the role of the federal government has decreased. Over the past several years, the Title XX Social Services Block Grant--the largest source of federal child care assistance--has been dramatically reduced.

Title XX has never exceeded $3 billion for the many social services it funds, including child care. The combined impact of the Congress' and the Administration's cuts in Title XX with inflation, has made the value of Title XX monies less than half of what they were a decade ago.

The real impact--29 states spent less money for Title XX child care programming in 1986 than in 1981, although demand for child care grew.

Let me share with you what cuts in Title XX funding meant for Florida, one of the few states that does a detailed analysis of its Title XX waiting list. In one recent 90-day period in the counties of Orange, Osceola, and Seminole, the following were refused help due to lack of funds: 176 children whose mothers applied for an employment and training program but remained on welfare because they lacked child care help, 200 children whose AFDC mothers had found jobs but could not work because of child care problems, and 2,073 children whose families were eligible for child care assistance to keep them from needing AFDC.

While the federal government does offer the Federal Dependent Care Tax Credit which allows a family to deduct part of its annual child care costs from its federal income tax bill, neither it nor Title XX (even if restored to its original funding level) offers working parents and their children the comprehensive child care options needed.

ABC--An Investment in the Future

Sixteen years ago NCJW's Windows on Day Care called for federal appropriations of $2 billion for Fiscal Year 1973, rising annually well into the 1970's to expand and improve quality day care services, and that the program funds be allocated to public and private non-profit programs, and to the upgrading of family day care homes.

It is sad that there has been so little progress over the last 16 years and that the child care problem of yesterday is the child care crisis of today.

It is heartening, however, that there is renewed interest and fervor in the issue of child care across the political spectrum.

NCJW is proud to join today with such an impressive cross-section of organizations in support of the Act for Better Child Care Services. It is time that we take the important first step in developing a national child care policy that provides the resources to support American families in their quest to be both productive workers and caring parents.

Thank you.

Senator Dodd. I thank the panel again. I just have a few questions for you, and again, I invite all you to jump in. We will be faced with another vote shortly, and I presume you are all hungry. I have kept you here beyond the lunch hour, and I apologize for that.

Let me begin with you, Dr. Pearce, if I may. Is your survey based solely on centers, or have you included family day care workers as well?

Dr. Pearce. The data is based upon two sets of data. One is the data collected by the Census Bureau, the current population survey data. They do not include day care homes, because those are self-employed, and they are not surveyed as employees.

The other surveys are salary surveys of centers, and those too do not.

The last really national study of day care homes that I am aware of is the 1977 study, and any data that is 11 years old in this field, you can't say much about that.

Senator Dodd. The numbers have changed dramatically and so forth. But I think that is important.

Dr. Pearce. It is very important.

Senator Dodd. For instance, you were talking about the average educational age of a child care worker amounting to 14.6 years. Again, I don't know how you would comment on this, and maybe Ellen or Lynn or Mr. Ball would, but I presume that if you fold in family day care workers, your number there would probably change—my guess is it would drop.

Dr. Pearce. Of course, I think it would probably drop.

Senator Dodd. You agree with that.

Dr. Pearce. Although the old study, the 1977 study, there was a group—it was sort of divided into two groups. One was older parents, like grandmothers who started to take care of their grandchild and then went on to become day care providers. They tended to be lower in education. But there also was a group of highly-educated mothers who, when they had their own children, decided to leave the labor force as employees and become a day care provider for a short time.

Senator Dodd. But if you take your numbers on the average income or the wages, and you add family day care workers I presume that estimate would drop. I use the figure that 90 percent of all family day care workers earn less than minimum wage.

Dr. Pearce. I am sure.

Senator Dodd. Would you disagree with that statistic?

Dr. Pearce. Not at all.

Senator Dodd. So the problem, in a sense, is that by using the center numbers, which are important because they hover around minimum wage, you get one range. When you fold in the family day care providers, where an awful lot of children are cared for, all of a sudden you are talking about something vastly significant in terms of numbers.

Dr. Pearce. Exactly.

Senator Dodd. Ellen, you wanted to comment.

Ms. Galinsky. Yes. There are two studies in process that will begin to address this lack of information. One is the National Child Care Staffing Study, which is being conducted in five cities around the country and will look at not only how salaries affect retention but also how working conditions affect retention.

Senator **Dodd**. When is that going to be done?

Ms. **Galinsky**. The data will be collected by the end of the spring, and we should begin to have preliminary analysis in the fall.

The other study is the ACYF study with the Urban Institute and the National Association of the Education of Young Children, which will include both family day care and center care, and that is 10,000 providers around the country who will be surveyed. It is not clear when that data will be ready, because it is not clear when the starting date is going to be.

Senator **Dodd**. Well, it would be helpful to have it. With respect to Mr. Ball's testimony, there are a number of people who work as volunteers in the centers' affiliated with churches; this is particularly true of the association he is with. I do not know if this is true of other centers as well—where there are a number of volunteers. They may get some wage, I don't know. Maybe such centers are like some of the programs I have supported in the past, such as senior volunteer programs for people who are retired, and yet there is some compensation for the work they do.

But I would hope that those studies reflect the volunteer aspect as well. Obviously, there are some differences here, and we ought to look at that.

Let me ask you, Ms. Galinsky, about the behavioral questions. They interest me. I heard someone say the other day that the future of the world is in some very small hands. I thought that was a very interesting line because when we start talking about what happens between the time the child is seven or eight, and the next decade in which they become adults and enter the work force, we see how fast the time can go by. And obviously we are talking about the competitiveness of our country and our strength and so forth.

I was thinking of my little nephew, Owen, who goes to three different child care in Connecticut. He starts out at the "Y," then goes to school and then he goes back to the "Y" in the afternoon. His mother works in New Haven, and so it is difficult. He is in three different localities between the time of 6 or 7 in the morning when she leaves for work and the time she gets back. And I know at the "Y," there are only older kids for him to play with. He is only 6. But there is no other child care facility other than the "Y" providing care before school starts in his neighborhood. And then, he is young, so he is not in a full-day program yet. So it is problematical.

That whole question of the continuity of care and bouncing children around—Owen even takes a taxicab in the morning. That is how he gets to the "Y." The taxi company has a service in the community to pick up kids in the morning and there are busses in the afternoon.

But I wonder what the prognosis is for children who demonstrate aggressive behavior as a result of poor quality care once they enter the work force. Are there any statistics or data that would indicate that the problem you are seeing with child care facilities or the absence of them and all this bouncing around is going to lead to a predictable result as these children enter the school systems and then eventually enter the work force?

Ms. **GALINSKY**. I just want to comment on your story about your nephew. I have been interviewing parents lately, and some of them have to actually put schedules on their refrigerators with different-colored magic markers, so that they remember which arrangement, for which child, for which day, because it is such a complicated system that they can't even remember the whole thing.

We haven't really done the long-term studies, and the studies that we have done have been very simplistically defined. That is, they have looked at the effects of day care, one, in terms of when the mother went to work, that is, how old the child was, or the age of entry, as it is called in the jargon; and two, how many hours she is away. And what they haven't really looked at very much is the experiences of the child in the situations, or done a complex study, because there are multiple factors. A child is not affected by just one factor alone.

In some of the studies that we have, though, for instance, there is a study of 4-year-olds where they were observed in child care, and they found that children in the poorest-quality centers, in which they spent a lot of time wandering around, were at 8. When they were 4, they were in these programs; when they were eight, they were much more likely to have trouble with their peers, to be more aggressive.

I think it is an issue that we should worry about. We have tended to frame the discussions in terms of should they work or shouldn't they work, and that leads to aggressiveness. It is not that. It is the quality of care that we provide.

I hear employers that I work with worry about the quality of people entering the labor force. The "baby bust" generation is entering the labor force. They are going to need all the skills that they can possibly get to compete in this global economy.

If we have people who don't know how to work in groups, who don't do as well, I think that we are in for trouble. And we need to pay attention not only to their high school or higher education, but we need to pay attention to that foundation.

Senator **DODD**. Just to emphasize your point, in Bridgeport, CT, there is a very active business community which has done a remarkably good job. The Bridgeport Contract, as it is called, has really been a very successful tool. In fact, I used it as a model for a program in the Elementary and Secondary Education Act, where you involved all the elements of the community. I met with some Bridgeport business executives the other day, and this is not a question for them any longer of looking 5 or 10 years down the road. They were using charts of the "child at risk" category which, as they look at their potential employment pools in the next 4 or 5 years goes off the charts. In the past, the constituency that was "at risk" represented a relatively small fraction of the overall potential employment force in the greater metropolitan area of Bridgeport. So the employment lines on their charts never got near the "at risk" group, so it wasn't an issue for employers. Now those lines run right down the middle of the "at risk" group. And so employers finding that their own labor needs are going to be staggeringly affected, immediately and very negatively, by having to look to that constituency that has not completed school, has had problems with the juvenile justice system, and or has had problems with substance abuse of one kind or another. We are now smack into these issues in terms of the employment needs of manufacturers and other firms.

And then you add the point you suggested earlier, and that is the ever growing demand for technical skills. Business is not only looking at an employment pool where they have to hire from that "at-risk" population, but simultaneously, the knowledge skills that that constituency is going to have in order for them to be successful employees is going to go up dramatically as well. So it is a major problem not of the 1990's, but of today. We are right in the middle of it now.

Ms. GALINSKY. Yes. I don't think it is a surprise that the Committee on Economic Development issued that report on children at risk, because I think that employers are beginning to deal with this now and will continue to deal with it in the future.

Senator DODD. We now have a generation to deal with statistically in terms of child care because of the Head Start Program. We now have data comparing children in the same neighborhoods who went to Head Start and those who did not. The statistics just leap at you, they absolutely jump off the charts at you, in terms of reduced contact with the juvenile justice system and completed educations. All of these issues are so important when contrasting the child who ended up in the Head Start Program and the child who did not. The results are there, and at least we have that data base to make those comparisons.

In terms of low-income children, two questions. The quality of child care for low-income children—is there a relationship there? Are you watching a pattern develop?

Ms. GALINSKY. I think that it is clear and the studies have shown that families who are the most stressed, that is, low-income, moving, undergoing divorce, single parents and so forth, are selecting the poorest child care. But once you have taken out that social class issue, you still see that the quality of child care makes a difference in their development.

In the past, we used to think it was predominantly children's, what we call "social address", that their social class background determined their development. And here, we see in the studies that have been done on quality that it is not true, that we can make a difference for lower-income children, but we don't start out having that opportunity because we have such a two-tiered system.

Senator DODD. But there is a two-tiered system today.

Ms. GALINSKY. Yes.

Senator DODD. The idea that was raised by my colleague earlier that this bill is going to create a two-tiered system is not the point. The fact is you have a two-tiered system today. What we are trying to do is to minimize that by providing some standards along the way.

In terms of parents and work force productivity, another question. As we now know, 60 some-odd percent of parents with children in child care go through a child care crisis once every 3 months.

Do you have any evidence in your studies that would indicate how that is affecting parent productivity in the work place?

Ms. GALINSKY. In the Fortune study, we found the staggering figure of about one-quarter of the men and women—not just the women—but one-quarter of the men and the women had to make special arrangements for their children two to five times in the last 3 months because their regular child care arrangements had fallen apart.

When we did the Fortune survey, it was really to be about men and two-career couples; it wasn't supposed to be about child care. We just threw in some child care questions because that is our interest. And when we got the results that in fact, problems of child care had such an effect on productivity, Fortune decided to run it as a cover story. But I think it is the attitudinal issue that Dana is talking about. We may know those findings, but most employers have the attitude that this is a family issue; that parents have had a choice to have children; that they have made their bed and now they lie in it. These are some of the things that I hear from focus groups with employers. There isn't the widespread knowledge yet that there is an effect, that parents are less able to concentrate on the job or less able to even get there.

Let me just give one example. Average time that a person misses work is about 7 to 9 days. Different studies show different figures. If a parent is using his or her own children to care for themselves at home or to care for their siblings at home, that absenteeism rate goes up to about 13 days, and there, men's rate is even higher than women's—not a whole lot—13.4 days to women's 13 days. But this is an issue that is clearly affecting employees on the job.

Senator DODD. Yes, in terms of absenteeism, certainly. And I have to assume it affects productivity as well. If you are sitting there, wondering whether or not that place you left your kid today is a safe place and worrying over, how they are treating him, I cannot imagine that you can be productive. I mean, if at least half your head is sitting there, worried about your child care arrangements, how can you be productive?.

Ms. GALINSKY. One father in a seminar that we did at a corporation would tell us what was going through his head during the day, and he was worried about his child getting hurt. He was leaving his older child at home alone. He would start to think about the house being on fire starting at 3. He just was in a real stew about it all day long, thinking about these issues and wondering what it would do to him if something really happened; I mean, how could he really justify this. It is a very hard problem.

And yet, what happens that I hear is that parents still take this as a personal problem. In the seminars that we do with corporations, they tend to think that it is their own shortcomings that their cannot find or pay for child care. They do not really see this as the social issue which it is.

Senator DODD. Well, I know of a number of people I have talked to, particularly women—because the number of single parents who are women is larger—women who have said, "Look, I just lie. I hate to admit that to anybody, but I just lie. And thank God my boss doesn't have any mechanical sense about automobiles, or at least does not remember, because I have had more flat tires and more things that have gone wrong than is possible with a car. It is easier for me to use an excuse that my car broke down than it is for me to admit that my child is not well."

So they know there is that attitude that if you say something is wrong at home or there is a problem with child care, you are going to get one attitude; whereas if you say it is the car, well, your boss can understand the car, to the extent that things wrong with his car. But beyond that, child care problems are just not understood.

Ms. GALINSKY. Yes. In our studies, we have looked at the whole area of supervisor sensitivity to work/family issues, and we have found that for men and for women, that is one of the most predictive problems of higher levels of stress, of more stress-related health problems; that if you have to lie, if your supervisor is not flexible if you have got an emergency or an every-day problem, if you cannot admit that you are a family person on the job—one woman at a focus group this summer said that it was like "coming out". She had never admitted that she had children, because people wouldn't have taken her seriously. She couldn't even at that particular company say that she had children, much less problems.

We have found that having supervisors who are like that actually impede the goals of the company, because it really does affect job satisfaction, and it does affect stress-related health problems.

In one company that I worked with yesterday, they are now going to add the whole issue of the corporate culture to the attitudinal survey—do you have to lie? Is it more legitimate to make up an excuse?

Senator DODD. I would just mention—my imagination is running wild—the idea of that woman not admitting she has children, and then offering her boss a ride home one night, with the carseat in the back seat and rattles in the car, and trying to explain where those things came from.

Dr. PEARCE. I know of one major employer who dealt with the problem of employees trying to check on their children at home alone, late in the afternoon, about 3 or 3:30, by taking out the telephones so that the children could not phone in, and employees had to go to a pay phone outside of the office. That was the kind of insensitive response, and obviously the stress levels are going up very fast among those employees, because they can't find out what is happening to their children—rather than dealing with the child care issue by helping to solve the problem, they have only made it worse.

Senator DODD. Two questions to you, Ms. Lyss. One has to do with your study results and how they compare with the 10 percent of all businesses involved in child care statistic cited by the Department of Labor. Now, you have heard Dana Friedman and others comment on that. Do you have anything at all to add about that statistic that the Department of Labor is using?

Ms. LYSS. No. As a matter of fact, I was very interested in it and look forward to seeing the full study also, because I was somewhat startled by the high percentage, the 10 percent, which is one of the reasons I left it out when I gave my testimony. But I think the fact that corporations and businesses are beginning to provide some kind of assistance is important.

I was just in Portland, OR where I participated in a child care panel, a forum, and one of the things that they are doing there is the government has an employee who is working with businesses to help businesses and encourage them to begin to provide supports for employees, and that is coming from the Governor's office. So I think there are some exciting things that are happening around the country that are very encouraging.

However, I also am concerned that we are on somewhat of a collision course. I am reminded of a story I just heard about a switchman taking his oral exam, and they ask him, "You are standing at the switch, and you look to the left, and you see the Santa Fe Railroad is hurtling down the tracks at 100 miles an hour, and you look to the right, and the Missouri Pacific is coming down the same track at 100 miles an hour. What do you do?"

And he says, "Well, I will go and get my brother."

And they ask, "Why would you get your brother?"

And he says, "Because my brother has never seen a train crash."

Well, I sometimes feel that we are doing somewhat the same thing. I think it is time for us to throw the switch and really grapple with these issues because I think especially the stories that Ellen was talking about clearly indicate that what is going to happen in the future is dependent upon what we are willing today. And I think that this legislation begins to address that. They are serious issues.

I live in a State that is one of seven States that has no requirements for training, preservice or on-the-job training, for child care providers in either centers or family child care settings. That is clearly unacceptable. There are no requirements for health training. And we know that one of the greatest causes of spread of disease is the lack of just simple knowledge like washing your hands.

These kinds of things, I just cannot understand that our society is willing to stand by and continue to let happen. I commend you and your colleagues for beginning to take the first step to do something about it.

Senator Dodd. Well, I presume, then, that would be your answer as well, because there are those who have said, look, not only is $2.5 billion a lot of money, but it is a lot of money that is not going to do a whole lot. We are talking about child care for a million children here, and I presume the fact that 16 years ago your organization recommended $2 billion be spent ensure that your response to that question would be basically the answer you have just given. I mean, it would be ludicrous for us to suggest that we are going to solve the child care problem with this bill. But we think we are at least forging an opportunity to build a system. So we can finally talk about a child care system in this country. We want to build an infrastructure that will allow States and localities and private organizations to be able to fold into that system in a very neat and efficient way so (1) you get the maximum amount of quality care, (2) you reduce costs to the greatest extent possible, and (3) you make childcare available for people to the greatest extent possible. We also want to bring in private sector involvement. In other words, we want to encourage a system that will be a lot less costly, a lot less chaotic, and a lot less problem-ridden than the present total absence of any system that we are faced with in this country.

So I thank all of you—again, you are my patient panel—for having been here. And again to you, Mr. Ball, I want to emphasize that we are moving on those questions and your testimony certainly has helped.

This is not the end or our last hearing, obviously. We will be conducting more. But again, the data really does help, the information helps, and I must say as well, the organizations from across this country that have been actively pursuing this issue, I think have contributed significantly to the fact that we now have in excess of one-third of my colleagues as cosponsors of this legislation. We are a little short of a majority, but we are getting very close, and we are going to proceed with this legislation. So I thank you for being here.

Before we close, I would like to thank my Subcommittee staff for all their efforts, including interns Molly Guth and Kari Kontu; assistant Angela Manuela; professional staff member Ruth Gordner; and last but not least, my staff director Marsha Renwanz.

[Additional material submitted for the record follows:]

TESTIMONY FOR THE SENATE SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM

SENATE LABOR AND HUMAN RESOURCES COMMITTEE

ON

THE ACT FOR BETTER CHILD CARE (S1885)

MARCH 15, 1988

JUDITH WALKER
COMMISSIONER
DEPARTMENT OF HUMAN SERVICES
CITY OF CHICAGO

THE ACT FOR BETTER CHILD CARE ("ABC") IS A COMPREHENSIVE EFFORT TO IMPROVE THE QUALITY AND ACCESSIBILITY OF DAY CARE FOR LOW-INCOME FAMILIES. THE PASSAGE OF THIS BILL IS CRITICAL TO THE SELF-SUFFICIENCY OF LOW-INCOME FAMILIES AND THE SAFETY AND DEVELOPMENT OF THE NATION'S CHILDREN.

DAY CARE IS AN EMPLOYMENT ISSUE. THE LOW WAGE JOBS PREVALENT TODAY DO NOT ALLOW FAMILIES TO PAY THE HIGH PRICE OF PRIVATE DAY CARE. IN MOST FAMILIES IT IS NECESSARY FOR BOTH PARENTS TO WORK IN ORDER TO SUPPORT THEIR CHILDREN, MAKING DAY CARE A CRITICAL ISSUE FOR THEIR PRE-SCHOOLERS, AND AFTER-SCHOOL CARE A NEED FOR THEIR OLDER CHILDREN. IN SINGLE PARENT FAMILIES THE DAY CARE NEED IS ALL THE MORE URGENT. SINGLE MOTHERS IN ILLINOIS EARNED AN AVERAGE OF $7,195 IN 1984...NOWHERE NEAR ENOUGH TO ALLOW THEM TO PAY THE GOING RATE OF $1,800 - $3,000 PER YEAR PER CHILD FOR NONSUBSIDIZED CARE.

DAY CARE IS ALSO A WELFARE ISSUE. IF MORE SUBSIDIZED DAY CARE WERE AVAILABLE, MORE AFDC MOTHERS WOULD BE ABLE TO FREE THEMSELVES FROM THE WELFARE SYSTEM AND EARN A LIVING. UNFORTUNATELY, FEW LONG-TERM AFDC RECIPIENTS HAVE THE EDUCATION AND TRAINING TO QUALIFY FOR WELL-PAID JOBS. TO SUPPORT THEIR FAMILIES, PARENTS MUST HAVE SUBSIDIZED DAY CARE. A COUPLE OF DAYS OFF OF THE TYPICAL MINIMUM-WAGE SERVICE INDUSTRY JOB WHEN INFORMAL CHILD CARE ARRANGEMENTS FALL THROUGH CAN MEAN THE LOSS OF A JOB...AND A RETURN TO WELFARE.

MOST IMPORTANTLY, DAY CARE IS A CHILDREN'S ISSUE. THOSE WHO WILL MAKE UP OUR SOCIETY IN THE COMING YEARS DESERVE MORE THAN CUSTODIAL CARE. IMPROVED STANDARDS FOR LICENSING OF FACILITIES AND INCREASED TRAINING OF DAY CARE WORKERS WILL TRANSLATE TO BETTER QUALITY CARE FOR THE NATION'S YOUNG.

WE ARE CONCERNED ABOUT THE PORTION OF THE CURRENT BILL WHICH IS BEING INTERPRETED BY SOME TO EXCLUDE RELIGIOUS INSTITUTIONS FROM PARTICIPATION IN ABC PROGRAMS. WE UNDERSTAND THAT NEGOTIATIONS ARE TAKING PLACE WHICH WILL ENSURE THAT SECTIONS 19 AND 20 OF THE BILL WILL NOT RESTRICT THE CREATION OF NEEDED DAYCARE SLOTS.

I THANK YOU IN ADVANCE FOR YOUR SUPPORT ON THIS CRUCIAL BILL TO SUPPORT CHILDREN AND FAMILIES.

Senator DODD. This Subcommittee will stand adjourned until further call of the Chair.

[Whereupon, at 2:25 p.m., the subcommittee was adjourned.]

ACT FOR BETTER CHILD CARE SERVICES OF 1987

TUESDAY, JUNE 28, 1988

U.S. SENATE,
SUBCOMMITTEE ON CHILDREN, FAMILY,
DRUGS AND ALCOHOLISM,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:25 a.m., in room SD-430, Dirksen Senate Office Building, Senator Christopher J. Dodd (chairman of the subcommittee) presiding.

Present: Senators Dodd, Kennedy, and Harkin.

OPENING STATEMENT OF SENATOR DODD

Senator DODD. The Subcommittee on Children, Family, Drugs and Alcoholism will come to order. I would like to welcome everyone here this morning. I am pleased to hold our second hearing on S. 1885, the Act for Better Child Care Services.

Since I first introduced the ABC bill seven months ago, the Congress has been literally swept off its feet by a national crescendo of support for Federal child care legislation. With over 100 bills now in the hopper, this is clearly an issue whose time has come.

Democrats and Republicans, liberals and conservatives alike, all recognize that child care is no longer a luxury, but a bottom-line necessity. We all recognize that American families need help balancing their family and workplace responsibilities; and that the Federal government has a strategic role to play in this effort. We are no longer debating whether or not child care legislation is necessary, but rather, what form that legislation should take.

Just two weeks ago—and I would draw your attention to the charts here at the dais of the Committee—the polling firm of Martilla and Kiley released one of the most comprehensive and detailed child care surveys ever conducted. In a statistically representative sample of 901 registered voters—both Democrats, Republicans and independents—86 percent surveyed feel that child care for working families is an important national issue. Seventy-four percent believe that good child care is hard to find, and 63 percent think demand exceeds supply. Almost three out of four polled believe the Government should help working parents with child care expenses.

I was most impressed with the public's support for the comprehensive ABC legislation. Sixty percent favor the ABC bill, even when told it carries a $2.5 billion price tag. Sixty-four percent say the Government should invest the $2.5 billion in ABC even when reminded of the Federal deficit problems. And an overwhelming three out of four believe the Federal Government should establish minimum health and safety standards for child care, as ABC would do.

I believe these poll results reflect an emerging national consensus that a strategic investment is necessary in a comprehensive child care infrastructure for our Nation, an infrastructure which the Federal Government helps to create, but which is nurtured and expanded by the States, local governments, child care providers and parents.

ABC is designed to provide the seed for this national partnership through a three-pronged approach. First, ABC would make child care more affordable by targeting three out of four dollars directly to low-income and working families for child care services.

Second, ABC would make child care more available through a system of grants and loans, recruitment and training, and resource and referral networks, designed to help States broaden the number and variety of child care services.

Finally, the ABC bill would increase the quality of care by establishing minimum Federal health and safety standards and by providing funds to the States for training, technical assistance, consumer education, and salaries for child care workers.

Before calling our first panel of witnesses today, I would like to lay to rest three misperceptions which some have about this legislation. First, the claim has been made that the ABC bill would discriminate against mothers who stay at home, and that somehow this legislation would encourage more mothers to work than currently do. This argument is ridiculous on its face.

No one disputes the fact that parents who can afford to stay at home can provide the best care for their children. This philosophy is the basic foundation of my parental leave legislation, I would add, which curiously enough is opposed by many of those who criticize the ABC on this point.

The reality is that ABC or not ABC, women are in the work force out of economic necessity. Today, fewer than one in ten American families has the luxury of having a mother at home with the children while father is at work. More than one-half of all mothers with infants under the age of one now work outside the home. And by 1995, fully two-thirds of all preschool-age children will have mothers in the work force. The money these women earn is critical to their families survival. Two-thirds of all working women outside the home today are either the sole providers for their children or have husbands who earn less than $15,000 a year.

The ABC bill does not discriminate against mothers who stay at home, but simply attempts to address the pressing reality of millions of children whose parents are already in the labor force to stay. Where ABC can make a difference is in making these parents' current child care options more affordable and better-quality as they struggle to create economic security for their families.

ABC is also designed to expand parental choice and involvement in child care so that parents may "customize," if you will, their children's care to fit their families' particular needs. Parents would use ABC funds to pay for care in virtually any setting they wish, including family-based care, community-based care, or school-based care, at religious or nonsectarian institutions.

Resource and referral programs would be available in local communities to help parents locate and evaluate quality child care programs which meet their needs. ABC also encourages unlimited parental access and involvement in child care programs and would require States to establish consumer education programs on quality and complaint procedures.

The second complaint made by some is that ABC would create a middle-class entitlement program which subsidizes child care for "yuppie" professionals. Nothing could be further from the truth. While a better child care infrastructure would improve the quality and increase the supply of care for all working families, the bill gives top priority to those at the lowest income levels in our country.

In the first place, ABC's income-sensitive State allocation formula is designed to drive Federal dollars to those States with the lowest per capita incomes. Moreover, 75 percent of ABC funds are for direct child care subsidies, and States would be required to serve the lowest-income families first with these funds, using sliding fee schedules.

Finally, ABC would also provide funds to expand from part-time to full-time programs like Head Start and subsidized preschool, which serve almost exclusively children from families with the lowest income levels in each State.

I am most disturbed by the claim that ABC is somehow anti-religious, that it would prohibit parents from sending their children to sectarian-based child care providers. This is absolutely untrue. Unlike Head Start and other programs which bar Federal funds from sectarian-based services, ABC would make such child care fully eligible for assistance. This was one of my top priorities in introducing the ABC initiative; religious institutions provide one-third of the center-based care in America and conduct some of the highest quality programs in the Nation. The new legislative language which we have crafted in this area should allay any fears people may have about the eligibility of sectarian providers for ABC assistance.

This language has been endorsed by a wide range of religious groups including the U.S. Catholic Conference, the United Methodist Church, and the Council of Jewish Federations.

At this time, we will enter Senator Kennedy's opening statement in the record.

OPENING STATEMENT OF SENATOR EDWARD M. KENNEDY

Senator KENNEDY. I am pleased to welcome our distinguished withesses to today's hearing on the Act for Better Child Care. I am particularly pleased to welcome an old friend and long-time advocate of children's causes, Phil Johnston, the Massachusetts Secretary of Human Services. No one has served our State longer in this capacity than Phil. And no one has served with greater dedication and commitment. Phil has displayed this same dedication and commitment throughout a career in social service that began as a social worker and has included service as the first executive director of the Robert F. Kennedy Action Corps and an 8-year tenure in the Massachusetts Legislature. In Massachusetts, Phil Jounston's name has become synonymous with care, concern, and compassion, and I extend a special welcome to him today.

This legislation is vital to the agenda of the Labor and Human Resources Committee. Assuring that families have access to good quality, affordable child care serves many ends. It will help protect the safety and health of the Nation's children. And it will improve the productivity of our work force by enabling parents to work outside the home knowing that their children are safe and well cared for.

Another important benefit of comprehensive child care legislation is that it will help mothers who are dependent on public assistance to become self-sufficient. We included child care funding in the Family Security Act, which passed the Senate this month, and we will work hard to assure that the final bill includes generous transitional child care benefits. But this is just a first step. We must create an infrastructure that will ensure the continued availability of affordable care. We must create national standards that will ensure high quality. The ABC bill will do both.

Massachusetts has been a leader among States in the child care area, and in understanding how child care can help families become self-sufficient. We owe A great tribute to Secretary Phil Johnston who, as head of the Executive Office of Human Services, has been responsible for coordinating Governor Dukakis' successful day care partnership and for administering the Employment and training Choices Progam [ET], which we will hear about today. The ET Program has served as a model for our Jobs for Employable Dependent Individuals Act [JEDI], which will help thousands of families move up from dependency by providing training and funding for supportive services such as child care.

I would also like to give a special welcome to Ms. Myra Hogan, from Greenfield, MA, who has graciously agreed to share her own personal success story with us, to help us understand the role of child care in promoting self-suficiency. Ms. Hogan is a graduate of the ET Program and is now assisting other parents in finding child care as a resource and referral specialist. I applaud Ms. Hogan, and thank her for being with us today.

I look forward to hearing from today's distinguished witnesses.

Senator Dodd. I am pleased to have with us today a very distinguished group of witnesses who will discuss the ABC bill and child care generally from a variety of perspectives. Governors Bill Clinton and Tom Kean will give us the States' view on the child care crisis and will offer some useful suggestions on how ABC can be improved to ensure a more effective partnership between the Federal Government and the States.

Our second panel includes Congressman Tom Downey of New York and Massachusetts Secretary of Human Services, Philip Johnston, both of whom have been key players in the reform of our Nation's welfare system.

They will be joined by two mothers from their respective States in a discussion of the critical tie between child care and welfare reform and how ABC complements the welfare-to-work transitional requirements recently adopted by both Houses of Congress.

Our third panel will discuss the need for minimum Federal health and safety standards from five separate and unique perspectives.

Finally, our last panel includes two policy analysts who will discuss some alternative approaches to the child care problem in America today.

First of all, let me welcome our two Governors, Governor Clinton and Governor Kean. We are delighted that both of you are here. We are highly honored to have you before this Committee. Governor Clinton will be representing the National Governors' Association and their perspective on the legislation. Governor Kean obviously can bring some additional information from that perspective and some different ideas on how we might approach this legislation.

On behalf of the Subcommittee and the Full Committee, I want to personally thank both of you for being here today.

Do either of you have a priority on schedule that is important?

Governor CLINTON. We are leaving together, but I'd like Governor Kean to go first.

Senator DODD. Tom, go ahead.

STATEMENT OF HON. THOMAS H. KEAN, GOVERNOR, STATE OF NEW JERSEY, AND HON. BILL CLINTON, GOVERNOR, STATE OF ARKANSAS

Governor KEAN. Thank you very much, Chairman Dodd.

I want to thank you for inviting me to testify before you in behalf of the National Governors' Association, and I also want to congratulate you for your continuing interest in child care and your understanding of the needs of working women in the world we live in.

Unlike you, Senator Dodd, or my friend Bill Clinton, I am old enough to remember a hit television show called "Leave it to Beaver". Every morning, June Cleaver would kiss her husband goodbye, and then she would package sons Wally and the Beaver off to school, and while the men were away, she would keep house, and when the dinner bell rang, there was June with a smile on her face and a meal always on the table.

Well, a great deal has changed since those days. June Cleaver has given way to "Kate and Allie". We have gone from "Father Knows Best" to "Mr. Mom".

In 1950, for example, only 13 percent of the Nation's mothers with children under six were working. Today, that number is 57 percent. By 1995, 75 percent of women with children under six will work.

Most of these women, as I know you know, Senator, aren't "yuppies"; they don't walk around carrying Gucci handbags. More and more of these women work because they have to—many, because they are raising their children on their own.

In 1985, for example, one-fourth of all working women were unmarried. Even in homes where two parents are raising children, it now takes two incomes to do what Ward Cleaver's single income in the 1950s used to do. It now takes 200 percent more of your income than it did in 1948 to afford a house. You can understand why there are so many two-income families when you recognize that fact.

And of course, many women also work for the fulfillment and growth that their grandmothers and even their mothers were simply not allowed in this society to achieve.

All this, of course, has made child care one of the most important domestic issues facing our Nation. The simple truth is that there isn't enough quality day care to go around. In my State, demand is running three times higher at the moment than supply. And I think it is going to get worse.

Remember this also. Quality day care isn't a women's issue. This is a work force issue, a productivity issue, and a competitiveness issue. And we cannot forget that ultimately, this is a family issue.

So I am pleased that the members of this Subcommittee, especially you, Senator dodd, and also I know Senator Orrin Hatch of Utah, have taken such an active and concerned role in trying to get a handle on this problem.

John Wilmot, the Earl of Rochester, once said, "Before I got married, I had six theories about bringing up children. Now, I have six children and no theories."

Well, three children later myself, I sometimes feel like the Earl. Nevertheless, I'd like to share just a few suggestions about what we can do together to promote child care.

Senator DODD. Governor, before you get to those suggestions, one of the unique responsibilities that Governors fortunately don't have to bear with is voting. I am going to take two minutes, run over and cast a vote and come right back.

Governor KEAN. All right, Senator.

Senator DODD. The Committee will stand in recess.

[Short recess.]

[Whereupon, Senator Kennedy assumed the Chair.]

Senator KENNEDY. We will come back to order.

I think our good friends, the Governors, understand this process very well; we'll probably have a series of temporary interruptions as we continue the debate on the plant closing legislation on the floor.

I know we were in the midst of Governor Kean's testimony, and we'll return to that in just a moment.

I want to first of all commend our Chairman, Senator Dodd, for the leadership that he has provided in this extraordinarily important area of public policy. I know that he has been holding hearings on this issue of day care for a number of years, long before it came to the forefront as a public policy issue and question. I think he has been extremely active in speaking to members on both sides of the aisle, gaining their support, and has really put his finger, I think, on a linchpin issue that is of major concern to millions of people in our work force and, of course, of central concern to the health and safety of millions of our children across this country. We are all heartened by the action that has been taken in the welfare reform bill that recognized the importance and significance of day care and moving people from dependency into productivity, and we are extremely fortunate today to have Philip Johnston, who is the Secretary of Human Services in our Commonwealth of Massachusetts where we have had a very innovative program, the

ET Program, which recognizes the importance of day care as well as health care and bringing those two elements together with an effective program and what it has meant to many people who want to be part of the whole process of hope for themselves and for their children.

I am grateful to Philip Johnston for coming here and sharing with our Committee again the experience in Massachusetts.

I am particularly grateful to Myra Hogan, who is a mother from Greenfield, Massachusetts, who can tell us in very personal terms what this whole program has meant to her. I am always very impressed by the fact that people are willing to come here and in a public forum share some of the anxieties and frustrations that they have experienced in personal terms, and yet I know it is with a spirit that people listen and recognize how a hand reached out and provided at least an opportunity for those people to gain the training and the day care programs and also some relief from the anxiety of financial ruin in terms of health care, how they are willing to share that. So I am very grateful to her for her willingness to come here.

As Senator Dodd said, we have two Governors here who have given a great deal of thought to this issue, and I know they both got, I am sure, a very generous and warm introduction from our Chair here.

I will have my statement inserted in the record at an appropriate place not to interfere with the flow of the Governors' statements.

I am personally delighted to welcome back two good friends and people who have demonstrated by their public service, knowledge and commitment to the cause of day care.

A final point that I'd like to make is that this issue on the ABC is a priority issue for our Committee. We have now had agreement that we will deal with the minimum wage issues this Wednesday and the parental leave between the time of the 4th of July and the break for the Democratic Convention. We have a number of items on our Committee agenda, but as far as I'm concerned, this should be the next order of business for our Committee. And although we are running short in time, I think it is of such compelling and overwhelming interest, I would hope that both our Members get a chance to vote on it and the full membership does. I think it is an issue of that consequence and importance, and we are going to try and do everything we can to see that that opportunity is available.

So, Governor Kean, if you can pick up where you left off, we'd appreciate it.

Governor **Kean**. Thank you very much, Senator.

I would say again how honored I am to appear before you, of course, and before Senator Dodd.

In February, the National Governors' Association unanimously adopted a child care policy developed by a task force that I had the privilege to chair. That policy called for a strengthened Federal and State commitment to child care. It called for a more visible and vigorous private sector. And it said that expanding high-quality child care is vital, not only for our families, but also for our Nation.

It is important to realize one thing at the start. The National Governors' Association does not believe in socialized motherhood. The family is the most important actor in a child's life. Government should at most win best supporting actor. Public policy must support families, not hinder them, as they try to raise their children.

We decided that only parents should choose whether to use child care and what sort to use. It is our job to make sure that there is, however, a wide range of choices and to make sure that that child care is safe.

Even more important, I believe that private business has to take a leading role in creating child care. We have seen more than a 1,000 percent jump in employer-supported child care in our State of New Jersey during the past five years, and we believe that record should be replicated across the Nation.

Just two weeks ago, I was proud to take part in the dedication of what I believe is one of the best ways to do this. The major developers and businesses in one of our fastest-growing areas in northern New Jersey donated the space and other support to establish the largest child care center in the region. Rather than have the Government run it, a consortium of churches are in charge. Two of the Nation's most venerable institutions, private business and the churches, are helping the Nation's most vulnerable institution, and that of course is today the family.

Employers are now beginning to realize that employees work harder and do more when they aren't worrying about where their children are. In fact, AT&T, which is one of the largest companies in our State of New Jersey, found that 57 percent of its female employees and 33 percent of their male employees reported unproductive time at work because they are, after all, worrying about their children.

The AT&T survey bolstered claims by other businesses which found that turnover and absenteeism dropped and productivity rose after they had invested in child care at or nearby the office.

Yet for all the gains we've made in our State of New Jersey and all the gains we have made nationwide, only 5 percent of our Nation's businesses have child care services. So what is the Government role in all of this?

First, we as Governors believe that State Government should be in charge of regulating child care. In the past few years, many States including my own have enacted or improved child care standards, and we have improved licensing procedures as well. In 1987, for example, Idaho required that all centers that care for more than seven children should be licensed. Rhode Island rewrote its law to set better staff/children ratios and to allow parents to have unlimited access to their children. And Texas required its child care providers form groups of parents to advise them.

I think it would be a mistake for Washington to supplant rather than to supplement these efforts. Uniform regulations would not account for differing regional needs. Day care is not like socks or pantyhose—one size doesn't fit everybody.

I believe Congress should resist the temptation to tell the States what should be done and how they should do it. The States have been typically, in Franklin Roosevelt's words, "laboratories for change". With all due respect, Federal intervention would have the same effect on those laboratories, I think, as a power shortage.

Nevertheless, the Governors do believe that the Federal Government has a very important role to play. The people who most need and deserve Washington's help are, of course, people who happen to be poor—the parents who work hard and barely make ends meet, or the young welfare mother who wants desperately to get a job, but can't, because she just doesn't have anybody who can watch her children. These families are faced with the fewest options and have the hardest time finding good and safe child care.

We have just begun a major welfare reform program in the State of New Jersey. Under our new program, recipients must either take a job or go back to school or job training. In exchange, we help pay for their health costs, we pay for their transportation costs, and we pay for the child care for young women.

We are not alone. California, New York and Minnesota have also begun similar programs. You are now debating the proper role the Federal Government should play in supporting our efforts. On of the greatest things you could do to make welfare reform a success is to help expand the availability of child care for people who are poor.

We as Governors understand that the deficit has to be cut. We also know that sometimes you have to spend money in order to make money. We think that a little investment today will provide more workers and better citizens and therefore even more income for the Federal Government tomorrow. We believe that the best way to encourage child care growth would be to provide the States with a broad-based grant. The States could use this money to help their poorest citizens. We could have the flexibility to experiment with new programs, and we could also save money in administrative costs.

The Federal Government should also provide seed money so States can continue to experiment with innovative ways to provide child care.

I know there are a great many questions. In New Jersey, for example, we are experimenting with vouchers in two pilot programs originally funded by Federal funds.

We need this help. And yet we emphasize that Federal funds should be targeted to the poor. In particular, we are concerned that the income cut-off in the bill you are considering would extend aid to people making 115 percent of a State's median income. In some States, that would provide aid to families earning as much as $40,000. Given the deficit and the terribly great need that exists, I think you should look again at eligibility.

I certainly want to thank you again, Chairman Dodd, for your willingness to listen not only to me this morning but to listen to the thoughts of the Nation's Governors. The Nation's Governors want to work as closely as we can with you as we decide these important issues, and I hope you will continue to look at our recommendations in this area.

We can erect buildings and name parts after ourselves, but when all is said and done, I think the greatest monument we can leave ourselves is probably a child. Somewhere out there, I assume the next Tom Wolfe is writing short stories; or the next Lee Iaccoca is playing with building blocks, or the next Sandra Day O'Connor is probably arbitrating an argument on the playground.

Mark Twain once said that, "Among three or four billion cradles now rocking in the land are some which this Nation would preserve for the ages as sacred things if we could only know which ones they are."

In reality, all of those cradles and every one of those children have to be precious to us, and it is not a question of choosing cradles—we want to nurture all of them and cherish all of them.

Thank you very much.

Senator DODD. Thank you very much, Governor.

[The prepared statement of Governor Kean follows:]

National Governors' Association

John H. Sununu
Governor of New Hampshire
Chairman

Raymond C. Scheppach
Executive Director

STATEMENT OF

THE HONORABLE THOMAS H. KEAN

GOVERNOR OF NEW JERSEY

Representing the

NATIONAL GOVERNORS' ASSOCIATION

for the

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM
UNITED STATES SENATE

HEARING ON THE ACT FOR BETTER CHILD CARE SERVICES

JUNE 28, 1988

HALL OF THE STATES · 444 North Capitol Street · Washington, D.C. 20001-1572 · (202) 624-5300

REMARKS OF GOVERNOR THOMAS H. KEAN
TESTIMONY BEFORE THE SENATE SUBCOMMITTEE ON
CHILDREN, FAMILY, DRUGS AND ALCOHOLISM
RE: CHILD CARE SERVICES
WASHINGTON, D.C.
TUESDAY, JUNE 28, 1988

CHAIRMAN DODD AND MEMBERS OF THE COMMITTEE, GOOD MORNING, AND THANK YOU FOR INVITING ME TO TESTIFY BEFORE YOU TODAY ON BEHALF OF THE NATIONAL GOVERNORS' ASSOCIATION.

UNLIKE YOU SENATOR DODD, I AM OLD ENOUGH TO REMEMBER A HIT TELEVISION SHOW CALLED "LEAVE IT TO BEAVER."

EVERY MORNING JUNE CLEAVER WOULD KISS HUSBAND WARD GOOD-BYE, THEN PACKAGE SONS WALLY AND THE BEAVER OFF TO SCHOOL. WHILE THE MEN WERE AWAY, SHE KEPT HOUSE. WHEN THE DINNER BELL RANG, THERE WAS JUNE WITH A SMILE ON HER FACE AND A MEAL ON THE TABLE.

WELL, A GREAT DEAL HAS CHANGED SINCE THOSE DAYS. JUNE CLEAVER HAS GIVEN WAY TO KATE AND ALLIE. WE'VE GONE FROM "FATHER KNOWS BEST" TO "MR. MOM."

IN 1950, FOR EXAMPLE, ONLY 13 PERCENT OF THE NATION'S MOTHERS WITH CHILDREN UNDER SIX WERE WORKING, TODAY THAT NUMBER IS 57 PERCENT. BY 1995, 75 PERCENT OF WOMEN WITH CHILDREN UNDER SIX WILL WORK.

MOST OF THESE WOMEN AREN'T YUPPIES CARRYING GUCCI HANDBAGS. MORE AND MORE OF THESE WOMEN WORK BECAUSE THEY HAVE TO -- MANY, BECAUSE THEY'RE RAISING THEIR CHILDREN ON THEIR OWN. IN 1985, FOR EXAMPLE, A FOURTH OF ALL THE WORKING MOTHERS WERE UNMARRIED.

EVEN IN HOMES WHERE TWO PARENTS ARE RAISING CHILDREN, IT NOW TAKES TWO INCOMES TO DO WHAT WARD CLEAVER'S SINGLE INCOME USED TO DO. IT NOW TAKES 200 PERCENT MORE OF YOUR INCOME THAN IT DID IN 1948 TO AFFORD A HOUSE. YOU CAN UNDERSTAND WHY THERE ARE SO MANY TWO-INCOME FAMILIES.

AND, OF COURSE, MANY WOMEN ALSO WORK FOR THE FULFILLMENT AND GROWTH THEIR GRANDMOTHERS AND MOTHERS NEVER WERE ALLOWED TO ACHIEVE.

ALL OF THIS, OF COURSE, HAS MADE CHILD CARE ONE OF THE MOST IMPORTANT DOMESTIC ISSUES FACING OUR NATION. THE SIMPLE TRUTH IS THERE ISN'T ENOUGH QUALITY DAY CARE TO GO AROUND. IN MY STATE, DEMAND IS RUNNING THREE TIMES HIGHER THAN THE SUPPLY. AND ITS GOING TO GET WORSE.

QUALITY DAY CARE ISN'T A WOMEN'S ISSUE. THIS IS A WORKFORCE ISSUE, A PRODUCTIVITY ISSUE AND A COMPETITIVENESS ISSUE. AND WE CANNOT FORGET THAT ULTIMATELY THIS IS A FAMILY ISSUE.

SO I'M PLEASED THAT THE MEMBERS OF THIS SUBCOMMITTEE, AND ESPECIALLY YOU, SENATOR DODD, AND SENATOR ORRIN HATCH OF UTAH, HAVE TAKEN SUCH AN ACTIVE AND CONCERNED ROLE IN TRYING TO GET A HANDLE ON THIS PROBLEM.

JOHN WILMOT, THE EARL OF ROCHESTER ONCE SAID, "BEFORE I GOT MARRIED I HAD SIX THEORIES ABOUT BRINGING UP CHILDREN; NOW I HAVE SIX CHILDREN AND NO THEORIES."

WELL, THREE CHILDREN LATER MYSELF, I SOMETIMES FEEL LIKE THE EARL. NEVERTHELESS, I'D LIKE TO SHARE SOME SUGGESTIONS ABOUT WHAT WE CAN DO TOGETHER TO PROMOTE CHILD CARE.

pause

IN FEBRUARY, THE NATIONAL GOVERNORS' ASSOCIATION UNANIMOUSLY ADOPTED A CHILD CARE POLICY DEVELOPED BY A TASK FORCE I CHAIRED.

THAT POLICY CALLED FOR A STRENGTHENED FEDERAL AND STATE COMMITMENT TO CHILD CARE.

IT CALLED FOR A MORE VISIBLE AND VIGOROUS PRIVATE SECTOR.

AND IT SAID THAT EXPANDING HIGH QUALITY CHILD CARE IS VITAL, NOT ONLY FOR OUR FAMILIES, BUT ALSO FOR OUR NATION.

IT'S IMPORTANT TO REALIZE ONE THING AT THE START. THE NGA DOES NOT BELIEVE IN SOCIALIZED MOTHERHOOD. THE FAMILY IS THE MOST IMPORTANT ACTOR IN A CHILD'S LIFE. GOVERNMENT SHOULD AT MOST WIN BEST SUPPORTING ACTOR. PUBLIC POLICY MUST SUPPORT FAMILIES, NOT HINDER THEM AS THEY TRY TO RAISE THEIR CHILDREN.

WE DECIDED THAT ONLY PARENTS SHOULD CHOOSE WHETHER TO USE CHILD CARE AND WHAT SORT TO USE. IT'S OUR JOB TO MAKE SURE THERE IS A WIDE RANGE OF CHOICES TO MAKE SURE CHILD CARE IS SAFE.

EVEN MORE IMPORTANT, I BELIEVE THAT PRIVATE BUSINESS MUST TAKE A LEADING ROLE IN CREATING CHILD CARE. WE'VE SEEN A MORE THAN 1000 PERCENT JUMP IN EMPLOYER-SUPPORTED CHILD CARE IN NEW JERSEY DURING THE PAST FIVE YEARS, AND WE BELIEVE THAT RECORD SHOULD BE REPLICATED ACROSS THE NATION.

JUST TWO WEEKS AGO, I WAS PROUD TO TAKE PART IN THE DEDICATION OF WHAT WE BELIEVE IS ONE OF THE BEST WAYS TO DO THIS.

THE MAJOR DEVELOPERS AND BUSINESSES IN ONE OF OUR FASTER GROWTH AREAS IN NORTHERN NEW JERSEY DONATED THE SPACE AND OTHER SUPPORT TO ESTABLISH THE LARGEST CHILD CARE CENTER IN THE REGION.

RATHER THAN HAVE THE GOVERNMENT RUN IT, A CONSORTIUM OF CHURCHES ARE IN CHARGE. TWO OF THE NATION'S MOST VENERABLE INSTITUTIONS, PRIVATE BUSINESS AND THE CHURCHES ARE HELPING THE NATION'S MOST VENERABLE INSTITUTION, THE FAMILY.

EMPLOYERS ARE NOW BEGINNING TO REALIZE THAT EMPLOYEES WORK HARDER AND DO MORE WHEN THEY AREN'T WORRYING ABOUT WHERE THEIR CHILDREN ARE. IN FACT, AT&T, ONE OF THE LARGEST COMPANIES IN NEW JERSEY, FOUND THAT 57 PERCENT OF ITS FEMALE EMPLOYEES AND 33 PERCENT OF THEIR MALE EMPLOYEES REPORTED UNPRODUCTIVE TIME AT WORK BECAUSE OF WORRYING ABOUT THEIR CHILDREN.

THE AT&T SURVEY BOLSTERED CLAIMS BY OTHER BUSINESSES WHICH FOUND THAT TURN-OVER AND ABSENTEEISM DROPPED AND PRODUCTIVITY ROSE AFTER THEY HAD INVESTED IN CHILD CARE AT OR NEARBY THE OFFICE.

YET FOR ALL THE GAINS WE'VE MADE IN NEW JERSEY, AND ALL THE GAINS MADE NATIONWIDE, ONLY FIVE PERCENT OF OUR NATION'S BUSINESSES HAVE CHILD CARE SERVICES.

SO WHAT IS THE GOVERNMENT ROLE IN ALL OF THIS? WELL, FIRST, THE GOVERNORS BELIEVE THAT STATE GOVERNMENT SHOULD BE IN CHARGE OF REGULATING CHILD CARE. IN THE PAST FEW YEARS, MANY STATES -- INCLUDING MY OWN -- HAVE ENACTED OR IMPROVED CHILD CARE STANDARDS AND LICENSING PROCEDURES.

IN 1987, FOR EXAMPLE, IDAHO REQUIRED THAT ALL CENTERS THAT CARE FOR MORE THAN SEVEN CHILDREN SHOULD BE LICENSED. RHODE ISLAND REWROTE ITS LAW TO SET BETTER STAFF/CHILDREN RATIOS AND TO ALLOW PARENTS TO HAVE UNLIMITED ACCESS TO THEIR CHILDREN. AND TEXAS REQUIRED ITS CHILD CARE PROVIDERS FORM GROUPS OF PARENTS TO ADVISE THEM.

IT WOULD BE A MISTAKE FOR WASHINGTON TO SUPPLANT RATHER THAN SUPPORT THESE EFFORTS. UNIFORM REGULATIONS WOULD NOT ACCOUNT FOR DIFFERING REGIONAL NEEDS. DAY CARE IS NOT LIKE SOCKS OR PANTYHOSE. ONE SIZE DOES NOT FIT ALL.

CONGRESS SHOULD RESIST THE TEMPTATION TO TELL THE STATES WHAT SHOULD BE DONE AND HOW THEY SHOULD DO IT. THE STATES HAVE BEEN TYPICALLY, IN FRANKLIN ROOSEVELT'S WORDS, "LABORATORIES FOR CHANGE." WITH ALL DUE RESPECT TO CONGRESS, FEDERAL INTERVENTION WOULD HAVE THE SAME EFFECT ON THOSE LABORATORIES AS A POWER SHORTAGE.

NEVERTHELESS, THE GOVERNORS DO BELIEVE THAT THE FEDERAL GOVERNMENT HAS AN IMPORTANT ROLE TO PLAY. THE PEOPLE WHO MOST NEED AND DESERVE WASHINGTON'S HELP ARE THE POOR: THE PARENTS WHO WORK HARD AND BARELY MAKE ENDS MEET, OR THE YOUNG WELFARE MOTHER WHO WANTS DESPERATELY TO GET A JOB BUT CAN'T BECAUSE SHE HAS NO ONE TO WATCH HER KIDS. THESE FAMILIES ARE FACED WITH THE FEWEST OPTIONS AND HAVE THE HARDEST TIME FINDING GOOD AND SAFE CHILD CARE.

WE'VE JUST BEGUN A MAJOR WELFARE REFORM IN NEW JERSEY. UNDER OUR NEW PROGRAM, RECIPIENTS MUST EITHER TAKE A JOB OR GO BACK TO SCHOOL. IN EXCHANGE, WE HELP PAY FOR THEIR HEALTH COSTS AND TRANSPORTATION COSTS. AND WE ALSO SUBSIDIZE CHILD CARE FOR YOUNG WOMEN.

WE'RE NOT ALONE. CALIFORNIA, NEW YORK AND MINNESOTA HAVE BEGUN WELFARE REFORM. YOU ARE NOW DEBATING THE PROPER ROLE THE FEDERAL GOVERNMENT SHOULD PLAY IN SUPPORTING OUR EFFORTS. ONE OF THE GREATEST THINGS YOU COULD DO TO MAKE WELFARE REFORM A SUCCESS IS HELP EXPAND THE AVAILABILITY OF CHILD CARE FOR THE POOR.

THE GOVERNORS KNOW THE DEFICIT MUST BE CUT. BUT WE ALSO KNOW THAT SOMETIMES YOU HAVE TO SPEND MONEY TO MAKE MONEY. WE THINK THAT A LITTLE INVESTMENT TODAY WILL PROVIDE MORE WORKERS AND BETTER CITIZENS TOMORROW.

WE BELIEVE THE BEST WAY TO ENCOURAGE CHILD CARE GROWTH WOULD BE TO PROVIDE THE STATES WITH A BROAD-BASED BLOCK GRANT. THE STATES WOULD USE THIS MONEY TO HELP THEIR POOREST CITIZENS. WE COULD HAVE THE FLEXIBILITY TO EXPERIMENT WITH NEW PROGRAMS, AND WE COULD SAVE MONEY IN ADMINISTRATIVE COSTS.

THE FEDERAL GOVERNMENT SHOULD ALSO PROVIDE SEED MONEY SO STATES CAN CONTINUE TO EXPERIMENT WITH INNOVATIVE WAYS TO PROVIDE CHILD CARE. A GREAT MANY QUESTIONS STILL EXIST. IN NEW JERSEY, FOR EXAMPLE, WE ARE EXPERIMENTING WITH VOUCHERS IN TWO PILOT PROGRAMS, ORIGINALLY FUNDED BY FEDERAL FUNDS.

WE NEED THIS HELP. AND YET WE EMPHASIZE THAT FEDERAL AID SHOULD BE TARGETED TO THE POOR.

SPECIFICALLY, THE INCOME CUT-OFF IN YOUR BILL, SENATOR DODD, WOULD EXTEND AID TO PEOPLE MAKING 115 PERCENT OF A STATE'S MEDIAN INCOME. IN SOME STATE'S THAT WOULD PROVIDE AID TO FAMILIES EARNING AS MUCH $40,000. THIS DOESN'T MAKE SENSE WITH THE DEFICIT AND THE GREAT NEED THAT EXISTS. I URGE YOU TO FURTHER LIMIT ELIGIBILITY.

CHAIRMAN DODD, I WANT TO THANK YOU FOR YOUR WILLINGNESS TO LISTEN TO NOT ONLY ME THIS MORNING BUT THE THOUGHTS OF THE NATION'S GOVERNORS. THE NATION'S GOVERNORS WANT TO WORK CLOSELY WITH YOU AS WE DECIDE THESE IMPORTANT ISSUES. I URGE YOU TO LOOK AT THE NATIONAL GOVERNORS' POLICY RECOMMENDATIONS IN THESE AREAS.

WE CAN ERECT BUILDINGS AND NAME PARKS AFTER OURSELVES, BUT WHEN ALL IS SAID AND DONE, THE GREATEST LEGACY WE LEAVE THE WORLD IS NOT A MONUMENT, BUT A CHILD.

SOMEWHERE OUT THERE TODAY THE NEXT TOM WOLFE IS WRITING SHORT STORIES, THE NEXT LEE IACCOCA IS PLAYING WITH BUILDING BLOCKS AND THE NEXT SANDRA DAY O'CONNOR IS ARBITRATING AN ARGUMENT ON THE PLAYGROUND.

MARK TWAIN ONCE SAID, "AMONG THREE OR FOUR BILLION CRADLES NOW ROCKING IN THE LAND ARE SOME WHICH THIS NATION WOULD PRESERVE FOR THE AGES AS SACRED THINGS IF WE COULD KNOW WHICH ONES THEY ARE."

IN REALITY, ALL OF THOSE CRADLES AND ALL OF THOSE CHILDREN ARE PRECIOUS TO US. IT IS NOT A QUESTION OF CHOOSING CRADLES. THEY MUST ALL BE NURTURED AND CHERISHED.

C-18. CHILD CARE

18.1 Preface

The Governors believe that the expansion of child care opportunities is vital to the economic growth of our nation and the well-being of our nation's families and children. The need to expand the supply of quality child care, particularly for low-income families, must be addressed, and the federal and state commitment to child care should be strengthened.

The Governors recognize that dramatic and ongoing changes in our society will continue to fuel a growing demand for child care over the next several decades. Today, more than half the women with children under the age six are working – a fourfold increase since 1950. The number and proportion of children living with single mothers who have a great need for child care is also increasing. The current interest in reforming our nation's welfare system has highlighted the critical link between the availability of affordable child care and the ability of low-income parents to move from dependency to self-sufficiency. Tightening of the U.S. labor markets in the 1990s means that in order for our country to remain economically competitive, we will need to further encourage the participation of women, poor, and minorities in the labor force.

Investment in child care programs is a sound investment in our nation's future. Quality programs ensure the health and safety of young children when they are away from their parents' care. High quality preschool and early childhood development programs can foster the social, cognitive, emotional, and physical development and the skills that lay the foundation for later success in school and the workforce. The Governors believe that a national child care policy must support families in their primary role of nurturing and caring for children and enable parents to choose from a range of child care options (family, in-home, center-based) the care that is most appropriate to their family's needs.

18.2 Public/Private Partnerships

In order to improve the quality, accessibility, and supply of child care, there must be a concerted effort among all levels of government and the private sector. Together, the public and private sectors share the responsibility of meeting the child care needs of our nation. The Governors urge the expansion of innovative public/private partnerships and the continuation of existing provisions in the federal tax code that provide incentives for business involvement in child care. States should increase their outreach to the business community to educate employers about the advantages of providing child care benefits and available programs and tax incentives. Child care resource and referral agencies can be an effective mechanism for establishing public/private partnerships at the local level.

18.3 Federal Role

18.3.1 Introduction. While the current budget situation imposes limitations on federal expenditures and programs, the Governors believe that the federal government should begin to take action to improve child care. A carefully designed and modest federal effort could start to address significant child care issues as well as lay the groundwork for a more expanded federal commitment at a later date when fiscal conditions permit.

18.3.2 Financial Support. The primary responsibility of the federal government is to provide states with the financial support and flexibility necessary to improve the availability of child care for lower-income families. We recommend that Congress:

- Retarget assistance like the dependent care tax credit to families with greater needs, such as the working poor. The dependent care tax credit, the largest federal child care program, primarily benefits middle- and upper-income families.
- Allocate redirected or new funds through a broad-based grant to states to expand child care services to lower-income families. Such an approach will enable each state to respond in the most appropriate manner to its particular needs. Additionally, a flexible grant will facilitate coordination with the existing public and private child care service delivery system, thereby reducing administrative costs and enhancing efficiency. The Title XX/Social Services Block Grant, the largest form of direct federal assistance for child care to low-income families, was cut by 20 percent in 1981 and has never been restored to its previous level.
- Increase child care assistance to AFDC recipients, both while receiving training and during a transition period once employed. Give states the flexibility to provide direct assistance and vouchers as alternative arrangements to the current disregard as a component of welfare reform.

18.3.3 **Support of State Efforts.** The Governors believe that the federal government should support and encourage state efforts to increase the supply of child care for all families. Many states are implementing innovative programs and the National Governors' Association should serve as a clearinghouse for information on these efforts. We recommend that Congress.

- Make funds available for seed money for states to initiate effective responses to address existing gaps or problems in the supply of appropriate child care options. Specific issues needing attention include "latch-key" programs; liability insurance pools; infant needs; recruitment and training of day care providers; grant and loan programs for child care start-up costs, programs for sick children and children with special needs; and resource and referral programs.

18.4 Child Care Standards

The quality and regulation of child care are state responsibilities. Many states have enacted or upgraded child care standards and licensing procedures and the federal government should support rather than supplant state initiatives. The Governors recognize, however, that some states do not have the resources to establish and enforce optimal child care standards. The Governors believe that the federal government should work with the states and localities to improve the quality of care. Therefore, we recommend that:

- The federal government provide incentives or grants to assist states in moving toward national model child care standards. A commission representing the child care community, including state, local and federal officials should develop the model child care standards based upon current research findings.
- The model standards should include recommendations for qualifications and training of child care workers; parental involvement; health and safety; group size and composition; and staff/child ratios. The commission should also investigate the best way of enforcing such requirements including licensing of staff, frequency of inspections, and enforcement tools.

18.5 Government Employers as Models

Federal, state, and local governments as employers should serve as models for business for the provision of child care benefits to their employees. Additionally, all levels of government should review their policies regarding leave, alternative work schedules, and other programs and policies for assisting working parents.

18.6 Child Care Employees

The low salaries earned by child care workers have made it difficult to hire and retain qualified, skilled individuals and have contributed to the scarcity of quality child care programs. The Governors believe that low salaries are symptomatic of a larger problem that is the under-investment in our nation's children, which jeopardizes their present and future well-being.

18.7 Role of Education

Our nation's schools can and should become an important partner in our child care efforts. State and local education agencies must also expand the role of the local school system in partially meeting child care needs through the sharing of facilities and such programs as full-day kindergarten, preschool or prekindergarten, and before- and after-school programs. The community shares in the responsibility of providing child care for its children. Civic, religious, and professional community organizations have resources that can be used for the provision of child care.

Adopted February 1988.

Senator DODD. Governor Clinton?

Governor CLINTON. Thank you very much, Mr. Chairman, Senator Harkin.

I don't have a great deal to add to what Governor Kean has said, and I obviously have prepared remarks. I would like to make a few observations about the problem generally and about the bill in particular.

Like you, I agree that this child care legislation has to be seen as part of a larger pattern of the efforts of the national and State governments and the private sector to nourish the development of our young children and to preserve families and to preserve them in the face of overwhelming pressures that are largely economic and to some extent in other areas.

Child care, welfare reform, preschool education—all these initiatives—your parental leave bill—I think are part of a larger effort that all of us are making now to guarantee a better start in life for our children and a more secure day for their parents who have to work.

One in four children under the age of five in this country, as you well know, is living below the poverty line. The Committee for Economic Development, 200 corporations in this country, issued a report last year saying that that was the biggest single threat to the economic future of our country—the abysmal condition of young children.

The near-poor are also a great concern of mine, and I see you reach them in this bill. Two-thirds of all the women in the work force who are married are married to people whose incomes are below $15,000. That, again, is something which cannot be overlooked.

And in our States, of course, in an attempt to set good standards and train good child care workers, we have tried to address the needs of middle-class and indeed upper-middle-class people to have at least some reliability in where they put their children.

All over this country, States of various sizes and shapes with different kinds of problems and different capacities are trying to respond to their historic responsibility to provide for quality child care but also to increase the supply and the affordability of child care.

My State last year was 47th in per capita income, but for the first time in our State's history, we began to put State funds into child care. We also have revised and upgraded our standards; we have established a Providers' Training Fund by licensing fees on approved centers. We have brought in the highly-regarded High/Scope Training Program in our State and are pursuing it with a vengeance. And in next January's legislative session, if the Legislature goes along, we will establish a State loan guarantee fund for new approved child care centers.

Still, it is obvious that we need help from the Federal Government because of the enormous demand, as Governor Kean has mentioned, and also because in many States where the demand, the need is greatest, the States themselves have the least capacity to meet that need.

I agree with Governor Kean that in terms of charting the appropriate income standard, 115 percent of median income might be the appropriate standard in one State, and in another it might not, and perhaps that issue ought to be revisited.

I'd like to talk a little bit about the standards and the timetables in the bill, particularly with reference to the appropriation.

Mr. Chairman, if the $2.5 billion figure in the bill cannot be secured because of present fiscal constraints—if the bill has to be funded in the beginning at a lower level—I would urge you to go ahead and get all the money you can and begin. But if that happens, then there probably needs to be a different strategy to phase in the other provisions of the bill.

Historically, as Governor Kean has said, the establishment of standards has been a State responsibility. I would concede that we probably haven't been perfect in every area, that some States are far better than others at doing this; but there is an awareness in the States in this area, just as there has been recently in education and welfare reform and economic development, that we all need to do a better job. And most States have really moved ahead.

The problem, as I said, is that the capacities of the States to mandate and then to enforce and to fund standards vary dramatically as do the objective conditions rooted around the need for child care.

Let me just give you one example. In Governor's home State, Campbell's Soup Company is headquartered. I think Campbell's Soup Company is one of the four or five most distinguished corporations in America in terms of its record in trying to provide child care to its employees, and they have a magnificent center there. They have a very fine plant in northwest Arkansas, in my State. Among other things, it has the earliest factory gate in Arkansas; the workers go to work between 4:30 and 5:30. I have always made that plant gate in election years and have always done right well there, because no one else gets up that early.

I never shall forget one day I was there, and I shook hands with a young woman who was getting out of a pickup truck; she was being delivered by her husband at 4:45 in the morning. The young woman got out of the truck. The husband had driven her, and he was on his way to work. They had three children under the age of five in the truck, in the front, between them.

So I stopped the man before he left, and I asked, "What in the world do you do with all these kids?" And he explained the circumstances they had worked out.

I tell you this just to say that a couple of years later, because Campbell's Soup Company has such a good record, they took a vote among their employees about whether they should establish a child care center on site there. The employees voted to do it. Then, about three months later, they voted to undo it, because they all came from so many different places, and many of them were driving 40 or 50 miles one way to work in that rural setting, and they decided they had better shoot for rural home-based care settings in the communities in which they lived. So Campbell's Soup worked out a different arrangement.

Now, whether the standards in this bill would affect the Campbell's Soup efforts in northwest Arkansas different than New Jersey, I can't say, because honestly, I don't have the facts sufficient to research it—but I think the likelihood is quite high.

So I think obviously, if you are going to put in a lot of Federal money, you have the right to know that we have made some effort to spend that money in an appropriate way, a safe way, a healthy way, an educationally sound way. But I think we need to re-examine this issue in light of the multiplicity of circumstances which exist among the States. And we would be happy to work with you in trying to come to a successful resolution of that.

In particular one thing we might do is to work for national standards by first establishing model child care standards through the National Advisory Council which is called for in this legislation. I think the Governors would strongly support that and would ask, however, that in the legislation there be some explicit requirement that State and local governments should be involved in the composition of the National Council.

One other comment I would like to make about the State requirements. One of the things that the bill requires now is that there be two State committees, one on State standards and policy, another on State licensing. A number of us handle all that through one committee and are quite well-satisfied with the work that is done. So the bill perhaps should take account of that and say well, if the States have acceptable standards, that they ought to be able to continue to implement those standards with one committee.

Finally, I would just like to echo what Governor Kean said about the importance of private sector involvement. We think it is critical. We think that the present tax incentives should be maintained in the law and that we should do everything we can to use our State's resource and referral capacities and some of the other things we can do to establish the kinds of partnerships that I think are critical to giving this country the kind of child care network it needs.

I want to commend you, Mr. Chairman, for taking up this terribly important issue. It is one, frankly, that our whole country should have done more on a long time ago, and that if we don't act in a vigorous way soon, we are going to be paying a terrible price for in the future. By 1995, we'll have a labor shortage in this country, and we are raising all kinds of kids in homes that are torn and rent today because the parents are worried sick about the kids while they are at work, and they know the children aren't being prepared to compete in the work force of the 21st century because they are being really deficiently taken care of in their early years.

I applaud you for doing this, and we want to work with you.

[The prepared statement of Governor Clinton follows:]

National Governors' Association

John H. Sununu
Governor of New Hampshire
Chairman

Raymond C. Scheppach
Executive Director

STATEMENT OF

THE HONORABLE BILL CLINTON

GOVERNOR OF ARKANSAS

Representing the

NATIONAL GOVERNORS' ASSOCIATION

for the

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM
UNITED STATES SENATE

HEARING ON THE ACT FOR BETTER CHILD CARE SERVICES

JUNE 28, 1988

HALL OF THE STATES · 444 North Capitol Street · Washington, D.C. 20001-1572 · (202) 624-5300

Mr. Chairman, distinguished members of the subcommittee, I am pleased to be here today to share with you the views of the nation's Governors on a topic we consider to be most important: child care, or as we prefer to characterize it, developing a strategy for improving the quality, accessibility, and supply of child care.

Let me begin by commending you for the excellent work you have done in establishing and affirming a Federal role in addressing the nation's child care needs. The Governors appreciate your efforts and are committed to working with you in this important area.

Economic and social change will continue to fuel the demand for child care over the next several decades. The need for child care is tied to the increasing number of mothers in the workforce, the growing number of single-parent families, and the rise in the number of poor children. Nearly 70 percent of all mothers with school-age children work outside of the home. This is also true of almost half of all mothers with infants under one year old. By 1995, two-thirds of all preschool children -- nearly 15 million children -- will have mothers in the work force.

Most mothers are entering the workforce out of economic necessity. Two-thirds of all women working outside the home today are either the sole providers for their children or have husbands who earn less than $15,000 a year. Although the wages of women are critical to the support of their families, they are often not high enough to pay for quality child care.

Expanding the supply of child care is integral to any successful effort to reform the welfare system. Child care is a critical part of a strategy to move families from poverty and dependence on welfare to economic self-sufficiency through education, training, and employment. Data confirms the strong link between the availablility of affordable child care and the ability of low-income parents to work. Even though the current Federal proposals for welfare reform include child care provisions, these cannot adequately address the gaps that currently exist in the child care system.

State Efforts

In the face of decreasing Federal funds, states are struggling to meet the growing demand for quality, affordable child care. States differ in their ability to meet this need. The availability of child care programs often depends more on the health of a state's economy than on its child care needs. While more and more states are enacting or revising child care standards, licensing, and regulatory procedures, they must continue to improve, review, and monitor their systems. Some states have developed innovative responses to address existing gaps or problems in their child care systems, including enacting or improving existing state dependent care tax credits, establishing resource and referral agencies, and enlisting the involvement and support of the private sector.

In my own state of Arkansas we have found a key to the improvement of the quality of child care is the provision of good, accessible training experiences for local child care workers. A Child Care Provider's Training Fund was established by the 1987 Legislature. This fund draws from a licensure fee on the providers, which is matched dollar for dollar by the state. In addition to providing actual training, this Fund will establish a media resource center for all providers in Arkansas. Further, eighteen early childhood professionals have spent a year in the High/Scope Educational Research Foundation Training of Teacher/Trainers Project. This effort, which was funded by several state agencies pooling their resources, will now be duplicated throughout Arkansas by the original eighteen trained professionals. We have also provided technical assistance on child care to private sector employers and school administrators.

We are currently working on legislation to go before our state legislature in January that would establish a state loan guarantee fund to give day care providers access to local capital resources. This type of fund serves a primary need in our state for increasing the availability of child care.

The Governors of this nation believe that a national child care policy must support families in their primary role of nurturing and caring for children. It should enable parents to choose the most appropriate child care option -- whether it is family, in-home, or center-based. At their recent winter meeting, the Governors adopted a policy that outlines the parameters for such an effort.

ABC Bill

The Governors appreciate the exceptional work done by the subcommittee in developing the legislation under consideration today, the Act for Better Child Care Services, known as the "ABC" bill. The bill reflects many of the Governors' key concerns. These include making child care more affordable for low- and moderate-income families; increasing the number of both child care facilities and qualified child care staff; improving the quality of available child care; and upgrading the working conditions and salaries of child care workers.

A Federal commitment must support the critical state role and responsibility in providing quality child care. The Federal government must invest in state efforts to meet the increasing demand for child care and to improve the quality of that care. The ABC bill takes a major step in establishing this Federal commitment to meet the child care needs of parents in this country, particularly those who are low-income. Although we do have some problems with the way the ABC bill is structured, we do believe the ABC bill is comprehensive and an excellent beginning.

Budget Constraints

While the current budget situation imposes limitations on

Federal expenditures and programs, steps still must be taken to improve child care. A carefully designed Federal effort should address significant child care issues, as well as lay the groundwork for a more expanded Federal commitment at a later date when fiscal conditions permit.

Therefore, considering these current budget restraints and the bill's $2.5 billion authorization level, the Governors suggest developing a strategy to phase in designated provisions of the bill as fiscal conditions permit.

Standards

I want to express our appreciation and admiration for the careful thought that has gone into the development of this legislative proposal. The Governors are extremely concerned with the need for well-developed child care standards and their effective implementation.

Historically, the regulation of child care has been primarily a state responsibility and the Governors support this role. The Governors believe that the responsibility to ensure the implementation of the standards should continue to rest with the states rather than be mandated by the Federal government. States are at different levels of child care system development. Varying infrastructures also make it necessary for national child care policy to be flexible to address individual state needs.

Since states are at varying levels of readiness to implement new requirements, no single national strategy can effectively address these differentials. Each state's responsibility is to assess and evaluate their child care needs and set and prioritize their goals in order to develop the most effective strategy to meet their child care needs, while considering available resources. A coordinated effort between the Federal government and the states is essential to address the growing demand for child care. There must be a strong Federal commitment to recognize and support the states in their responsibility to improve the quality of child care systems. In partnership, the state, Federal, and local governments could focus on developing the model child care standards.

Many states have enacted or upgraded child care standards and licensing procedures. The Federal government should support, not supplant, these state initiatives. However, not all states have the resources to establish and enforce optimal child care standards. The Governors believe that the Federal government should work with the states to improve the quality of child care.

Therefore, the Governors believe strongly in the need for the grant assistance outlined in the ABC bill to help states move toward national child care standards. The Governors are concerned about mandating these standards at the Federal level as well as the lack of state and local government involvement in developing these standards.

The Governors are concerned about the provision in the ABC bill that would terminate funding to any state that does not meet national standards within a five-year period. This provision does not measure or account for a state's progress in meeting the standards. For example, two states begin at the same level of child care system development and, after five years, one state has met all the standards except one. The other state has made only minimal progress in a few areas. Under the bill as currently written, both states would receive the same penalty. This provision should reflect state progress in meeting these standards. Furthermore, by terminating funding to states completely, those in greatest need would be cut off from receiving further assistance. These are the same states the proposed legislation is intended to serve.

National Commission

The Governors support the idea of a national commission representing state, local, and Federal officials, and the child care community to develop the model child care standards. The Governors believe that the composition of the national advisory council established by the ABC bill should include representatives of state and local governments. Since states will be responsible for the implementation of the standards, they will be an effective partner in their development. This national advisory council could be responsible for developing national model child care standards.

State Requirements

Because it is likely that the ABC bill's appropriation level will be lower than the authorization level, the Governors suggest that the bill's numerous requirements be phased in. Currently, the bill does not give states the flexibility to prioritize their most critical child care needs and devise strategies to meet them.

Since states are at different levels of child care system development, the ABC bill should allow for ample state flexibility to address individual state needs. The ABC bill requires states to establish two state committees: one to develop state child care standards and policies, the other on licensing. Some states already have one committee in place that effectively handles these two areas of development. Because there are limited resources for child care, the requirement for the state to develop two state committees may result in an ineffective use of funds. Two committees may be similar in composition and may duplicate efforts. Therefore, the decision about the number of new state administrative bodies to be formed should be left to the state.

Furthermore, the ABC bill requires states to establish a low interest loan program, a grant program, a consumer education program, and resource and referral agencies. There is no prioritization of these requirements. The Governors believe that it should be each state's responsibility to assess and evaluate their child care needs and set and prioritize their goals according to their needs and available resources.

The ABC bill also establishes limits on how the states can meet these requirements. These limits will restrict states' implementation efforts. The Governors believe that these restrictions should be removed or made more flexible. For example, states must use nonfederal funds to establish low-interest loan programs, which may only be administered by nonprofit agencies. In implementing the resource and referral programs, only nonprofit and public organizations would be eligible to participate. In addition, the bill requires the resource and referral agencies to maintain a child care database, train providers, and provide technical assistance. In many states, the private sector has been instrumental in establishing these databases. The bill would preclude their participation.

Private Sector Involvement

The private sector must play a stronger role in addressing child care needs. The number of employers providing some type of child care assistance to their employees has increased 400 percent in the last four years. But only 3,000 out of 6 million employers still provide some type of child care assistance to their employees.

The state can, as my state has done, serve as a technical resource in the development of private sector involvement. The state can be helpful in exploring school-based care -- before and after school -- through the elementary grades.

The ABC bill does not include any provision to encourage the private sector to become involved in addressing child care needs. The private sector should not remain an untapped resource. The ABC bill can become instrumental in involving employers by focusing on strategies such as tax credits, revolving loans, and public-private partnerships.

The Governors urge the expansion of innovative public/private partnerships and the continuation of existing provisions in the Federal tax code that provide incentives for business involvement in child care. States should increase their outreach to the business community to educate employers about the advantages of providing child care benefits and providing information on available programs and tax incentives. Child care resource and referral agencies can be an effective mechanism for establishing public/private partnerships at the local level.

Conclusion

I would like to thank the subcommittee for its extraordinary and successful efforts and interest in focusing on child care issues. As new Federal child care legislation is developed it has the potential to enhance and strengthen states' efforts in improving and expanding quality, affordable child care. A policy that is reflective of state differentials and capabilities will, in the long run, have the strongest, most far-reaching impact. If the legislative proposal is not reflective of individual states needs or flexible regarding state regulations and implementation of standards, it will limit the bill's potential to positively effect the states' child care systems.

I look forward to working with you in this important effort to meet America's current and growing need for child care. On behalf of NGA, I offer our assistance to you and your colleagues as you work toward the development of effective child care legislation.

Senator DODD. Thank you very much, Governor.

Just a couple of observations. First of all, I appreciate the testimony of both of you, and your entire remarks will be included as a part of the record.

A couple of things have already been done, or at least we're in the process of doing them, and your testimony was of assistance to us in that regard. The "supplement, not supplant" language to give States credit for existing child care expenditures is one of the things. We have also agreed to provide some additional flexibility States with a 15 percent pot of ABC funds for increasing child care availability. Another change we have is, of course, the suggestion to include the States directly in the National Commission and also on the notion of the two committees to bring that down. So those are things that are already being written into the legislation to make improvements.

You made some very good suggestions. Regrettably, I know how busy you are going to be, but I know you will have staff around. We have some testimony coming up on the standards issue, which I think would be important—in fact, I'll make sure that you get copies of it personally, because I think you will be shocked to find out the tremendous disparity in standards.

I noted, and I happen to be delighted that the Governors have supported the Smart Start legislation that Senator Kennedy has offered. I would suggest to you the Smart Start legislation has far more restrictive standards for States than anything I've suggested here in the ABC bill. I don't want you to back off from Smart Start; I think it is a very good piece of legislation. But of course, we're not new to Federal minimum standards. Certainly, in drugs, in meat, in airline safety, in air quality—you can go down a long list where we set standards—obviously, you want to be careful, and certainly, a thing as static as an airplane is a bit different than a child, I understand that, or child care services.

But I think it is vitally important when you begin to look at the tremendous disparity, and the recommendations that come from tremendous studies that have been done. Dr. Deborah Phillips, who will be one of our witnesses here this morning, goes on at some length about major studies done. The Defense Department is one of the major child care providers in the country, and they have very strict minimum standards for all their child care centers, all branches of the service, all across this country. Their conclusion, based on years of analysis, is that there have to be minimum standards in this regard, or you are really going to get yourselves into trouble. In fact, those who are critical of child care because we are promoting taking children out of the home I think raise a legitimate point—although they wouldn't agree with this—that if you don't provide some minimum standards, in fact you could be doing something far more deleterious to a child without some minimum ratios between supervisors and children, the size of groups, parental involvement in the kind of programs that are there, and training requirements.

So I know you are going to have to run, but I would invite you to look at that testimony—in fact, we have some charts coming up shortly that go into that.

The last couple of questions I have, you have pretty much addressed. Obviously, it would be your conclusion, and I would just ask you to confirm this, that it would be impossible under the present situation for States on their own to meet the present child care needs, not to mention the future ones as you anticipate them. You both would agree that there must be a Federal involvement; am I correct in that?

Governor **Kean**. Yes.

Governor **Clinton**. Yes.

Senator **Dodd**. And I presume the same would be true in light of the pending adoption of the welfare reform legislation—that legislation will immediately place additional demands on the States, so that you will be needing assistance in that area as well.

And lastly, I would mention the private/public sector involvement. Again, I think the suggestion in your testimony, Governor Clinton, and you certainly recommended it in yours, Governor Kean, is something that we are also going to be including in here—I think it is worthwhile to note, and there are—and again, we'll have testimony later about the private sector involvement in child care, and there have been some tremendous examples of it, and in fact, we'll see statistics from a survey done among 88 firms in the country that have provided child care and just what it has meant to them in a bottom-line business environment in terms of attraction of new employees, absenteeism, turnover, productivity, and the like. There are startling statistics from those firms, based on their own analysis of their firms' production as a result of having child care programs.

But it has been painfully true as well that with six million employers, only 3,000 that are involved in child care at all—and most of it is referral services—750 firms that are involved in onsite child care and 500 of those 750 firms are hospitals.

So at least based on the present level of involvement, we hope it is going to increase—I think it will—to anticipate the private sector is going to pick up on this in the kind of time frame I think we all recognize we must deal with this problem is probably unrealistic. So I certainly support the notion of getting the private sector involved in it. But I think to anticipate the private sector is going to pick up particularly the burden of the lion's share of the problem, and that is the people who are unemployed, the AFDC recipient—we dish out $14 billion a year to AFDC recipients. This ABC bill is not going to wipe out the $14 billion, obviously, but that is the focus of our attention, and that's the crowd that we've got to provide some assistance to.

I think the business community will do what it has to do as they realize, as those other firms have, that it makes sense for them.

But if you would care to comment on maybe the specific steps your two States are engaged in to encourage additional private sector involvement, we'd be glad to hear about it.

Governor Kean.

Governor **Kean**. Well, we are trying to advance, of course, both our own commitment to child care and the private sector's. Our Division of Youth and Family Services now has a one-stop center to provide information and technical assistance and resources to any employer who wants to create a child care center for his employees and a team composed of representatives from our Division of Women and our Task Force on Child Care and Division of Youth and Family Services has traveled throughout the State, and they stop and provide information to various employees who want to do this. And of course, we are trying to set the example as a State. We are setting up day care centers for our employees. We have three so far, and two coming on line, and they have been very, very successful, really, examples to the private employers.

Governor **Clinton**. Senator, I'd just like to submit with my testimony for the record a summary of the efforts that our State has undertaken and note recount them here.

I would like to say one other thing about the standards issue, if I might. I have the feeling that both the National Governors' Association and the sponsors of the bill have discussed this issue at too high a level of abstraction—that is, we would never want you to give us a lot of money to pour into dangerous, unhealthy, unsound centers.

On the issue of national standards, I have also had two prayer meetings with our mutual friend, Marion Edelman, over this issue. I'd just like to suggest that maybe what we ought to do is to try to take four or five representative States and calculate what the variance is between where the States and what the standards are, and what the real costs of meeting those standards are, and if not met, whether there would be a net reduction in available child care slots and what the impact of that would be.

I think if we would work this through in the particulates, the Governors might be able to come to an agreement that would make you feel comfortable and would respond to the concerns that will be raised later in the morning in the other testimony. And I am sure we would be happy to work with you on that.

I sure don't think we ought to get in a position where we are dealing with one of the most important pieces of legislation to come down the pike in a long time, and we're at odds over something that nine out of ten times, we'd probably be in agreement on in the particular rather than at the abstract level.

Senator **Dodd**. Well, I appreciate that very much. I think you are correct, and we're going to continue those discussions, I can guarantee you.

I would say to my colleague from Iowa that Congressman Downey is here with us and pressed for time—do you have some specific questions for the Governors?

Senator **Harkin**. I just have one question, Mr. Chairman.

First of all, I'd like to have my opening statement made a part of the record.

Senator **Dodd**. Absolutely. It will be included in the record.

OPENING STATEMENT OF SENATOR HARKIN

Senator **Harkin**. And I want to thank both the Governors for being here.

I listened, and I also read your testimony while I was trying to listen, and I'm going to go through the rest of the testimony from those who are here today. But there is one issue that seems to be missing, and that is the pay for the people who take care of these kids.

We talk about standards. We talk about giving money to poor families, Governor Kean. I just completed two work days where I spent full days working in day care centers. One was with a CAP agency. Ninety percent, nine out of ten kids, were DHS kids, Department of Human Services. That means they were abused, physically, sexually abused, abandoned kids. And two-thirds of them came from single-parent households.

This day care center has been in operation for a little over five years. The top pay there is $4 an hour. I asked one woman who had been there—she had been there the longest, and she was making $4 an hour, and she has a couple young kids—I said, "Do you send your kids to day care?"

She said, "No. I can't afford it."

She is working in a day care center, and she can't afford to send her kids to day care. I said, "Well, who takes care of your kids?"

She said, "Well, a neighbor mother, someone else"—that kind of thing.

The other day care center I worked at was a private nonprofit foundation, and the basic charge there was $65 per week per kid—although they also had DHS kids that they took in, not as high a proportion. There, their standards are very high. They had college graduates working there, starting at $6 an hour—six bucks an hour for a college graduate to take care of a kid in a very tough environment, all day long, five days a week, educating these kids, taking care of them all day long—that is tough work, tough work.

I'd just like to have your thoughts on what we're going to do about paying these people. I mean, if you want quality care of kids, you're going to have to pay people more than what we are willing to pay right now to take care of kids.

Governor KEAN. I don't think there is any question about that, Senator, and your point is absolutely well-taken. Particularly in a State like mine with an unemployment rate now of 3.6 or 3.7, there isn't anybody who wants a good job who can't get one. So we have to pay our people decent salaries. We do try to get mothers working in the day care centers, and part of their pay, obviously, is the care that their own children receive in some of those centers as well as the actual salary they receive. But your point is absolutely on target. If we don't pay the people, we are not going to have quality workers, and the whole idea that we're talking about is not going to work.

Governor CLINTON. I don't guess I have anything to add to that. One of the benefits I hope will come from the passage of a new minimum wage bill is that it will bump the whole structure up some.

One of the things that we've done—and maybe this is a sad commentary, although I think what we've done is right—is to try to get a lot of our welfare mothers who seem to be well-qualified trained to work as aids in day care centers as part of our welfare reform efforts. And one of the things you can do is to let them bring their own children to the center, if they are in the proper age group, and make that an employment benefit where that is appropriate.

But I agree it is a terrible problem. The fundamental problem is that there is a limit to how much middle-income people can pay out of their weekly wage to subsidize the day care centers to go forward, which I guess we're coming back to the argument for Senator Dodd's standard that we ought to take 115 percent of the median wage for subsidies, because that's the fundamental problem.

We opened a center for State employees, and most of the State employees couldn't afford to take advantage of the center. So we need to go back and figure out does the State need to just fund 100 percent of it and make it an employment benefit, because most of our State employees, in a State that is 47th in per capita income, literally could not afford to take advantage of the center that their own State Employee Association set up for their benefit because of what it took—but as you said, they had really good, skilled people with good educational skills to do it.

It is a terrible dilemma.

Senator HARKIN. That's going to be a big hunk of money.

I also appreciate what you said about the rural areas. I appreciate the fact that in the more industrialized States, you can have day care centers on locale, and that's fine where it goes; but in our part of the country, I do not know that that works that way. You have got to have some kind of in-home services and different things like that, which again lends itself to what you are saying, that States ought to be able to model the programs.

I am now convinced that there is no one single answer to this; there is a big variety of things out there. But it still comes back to money and whether or not we're going to pay these people.

Just one last question. This is $2.5 billion, and you are right—we won't get that much appropriations. I am on the Appropriations Committee. If either one of you were on the Appropriations Committee—what should we appropriate? People put me on the hot spot all the time, so I can put you there.

Governor CLINTON. You had probably ought to ask that question of everybody who comes to every committee hearing about every issue.

I don't think there is a magic number, obviously. You have to shake that out in terms of what you decide to spend on welfare reform, out of the conference, and what you decide to spend on other areas.

I can tell you this. From my perspective, anything you give, I'll be grateful for. If you get a good framework in the law either this year or early next year, the changing demographics of this country will put more and more money into it. If you don't fund it fully the first year, that will put more pressure on the Governors like Tom and I to put more money in at the State level, so in the end you'll have a better mix, and we'll contribute more.

I would just urge you to do the very best you can. But don't pass nothing just because you can't get as much money as you want, because anything you put in will keep us going in the right direction and alleviate some of the problems you mentioned.

Governor KEAN. I couldn't second more what Bill just said. We didn't make any specific recommendations in the Governors' policy. I guess I had in mind about $300 or $400 million a year, and we talked about funding it in a number of ways in our report, including, I guess, taking down the tax credit for high-income families, which I know is now embroiled in another debate.

But Bill is absolutely right. Whatever way you can help us, we need that help, and whatever money you give us will be put to extraordinarily productive use.

Senator **Dodd**. Thank you. I will just conclude by noting—and Senator Harkin has brought up a very good point on the salaries—that next to clergy, the lowest-paid employees in America are child care workers. There are things that we pay money for every day that we don't bat an eye over, whether it is car maintenance, changing tires, or basic care of lawn or other things, for which we'll pay two and three and four times what we'll pay to someone to watch our children. And when we talk about these costs—$2.5 billion, we all know, is a lot of money; $14 billion is a lot of money; $4 billion a year in compensatory education for kids who enter an education system totally unprepared for it is a lot of money; $715 million of lost wages for women each year because of problems just created around child care is a lot of money.

What we often do as we discuss these proposals is we talk about how much the bill costs, but we don't talk about how much it costs us because we don't do anything. And it is costing this country a lot of money every day because we are not doing anything in this area. And at some point, we're going to have to start to recognize that.

And I hear everyone say gosh, $2.5 billion is an awful lot of money, and yet, Governor Kean, everyone will agree with you and your quote of Mark Twain. Everyone will agree with that. And the fact is we are watching kids slip away. We have had 25 years of experience with Head Start, kids who were in that program and kids who were not, from the same neighborhoods. Juvenile justice system, teenage pregnancy, drop out of school—you name it. Kids who had the Head Start Program and kids who did not, the statistics glare at you after a generation of watching it now. And that program served kids for only a couple of hours a day, and only one-fifth of the population.

So it works. The question is do we have the guts to invest in it, or are we going to say gee, we can't quite do that this year and continue to pay out the kind of money we do.

And I know standards are going to be a ticklish issue, but I'm delighted to hear we can continue to work at that. Obviously, we both have the same desires and goals. But we don't have a lot of time here in all of this. There is a moment for these sorts of things, and then other things will take over, my fear is, and we'll wait until the problem becomes a lot worse than it is today, and then we'll be paying a lot more money and have things that we frankly can't fix with dollars as things move along.

I thank both of you for being here. I know you are very busy; you have got the other Governors in town. We immensely appreciate your participation.

Governor **Kean**. Thank you, Senator.

Governor **Clinton**. Thank you.

Senator **Dodd**. Our good friend, Tom Downey, has been very patient. We invite you to come forward, along with Carolyn Henricques, a parent from New York. As Congressman Downey approaches the dais, I would notify my colleagues and those in the Committee room that Congressman Downey is one of the—in fact the principal sponsor of the welfare reform legislation in the House of Representatives, legislation that was moved through the Senate by Senator Moynihan of New York.

Congressman Downey, we welcome you here this morning, and the full text of your remarks will be included in the record.

Ms. Henricques, we welcome you as well this morning.

STATEMENT OF HON. THOMAS J. DOWNEY, MEMBER OF CONGRESS, STATE OF NEW YORK; CAROLYN HENRICQUES, PARENT, NEW YORK, NY; PHILIP W. JOHNSTON, SECRETARY, EXECUTIVE OFFICE OF HUMAN SERVICES, COMMONWEALTH OF MASSACHUSETTS, AND MYRA HOGAN, PARENT, GREENFIELD, MA

Mr. DOWNEY. Senator Dodd, if I can begin and ask your Committee's indulgence if I leave right after I speak—it is not because I don't want to engage you in a dialogue on this issue; it is because the Ways and Means Committee is marking up the technical corrections, and the insurance matter is up first, and I suspect you'd be interested in my being there.

I want to congratulate you on having this hearing and the work that you have done on this issue. You are a leader, and frankly, without your pressing this issue, I daresay that we would ignore this need, and that is frightening to me.

Times have changed, clearly, for American children. That doesn't come as a great surprise to anybody who has not been in a time capsule. No longer does the stereotypical American family include a working father and a mom who stays home to care for the kids, but mom has gone to work, as Governor Kean so ably pointed out.

Last year, 60 percent of all children under the age of 18 had a working mother; more than half of all children under age six had a mother in the labor force. And where do these children go when their mothers are working? Well, for a child under age five, parents have three basic options. Nearly 40 percent of these children are in some form of day care, spending the day in the home of someone else, cared for by a family care provider or, less often, a relative. Roughly 31 percent of these children are cared for in their own home by a relative.

Organized child care facilities look after about 23 percent of all children. I might add parenthetically that this is the bete noire of the right, that somehow we are going to socialize all children, yet less than one-quarter of them are in any sort of organized day care.

For older children, almost 14 million of them, the local school is the main day care center. However, a troubling 2.1 million of these kids regularly spend time after school with no adult supervision. These working families are paying billions, roughly $11 billion each year, for their child care.

According to the Census Bureau, 5.3 million families paying cash for child care services averages $38 per week. Nearly 30 percent of these families paid $50 or more per week, and the burden on single-parent families is especially large.

Ironically, families on welfare aspire to be just like these families. They would rather work than stay on welfare, but face serious obstacles. Many of these parents have not finished high school, need some remedial education, and have rusty, if any, job skills. If they leave AFDC to take a job, they put their children's health at risk, since many of the jobs these parents will find do not provide health insurance.

If they are lucky enough to have health insurance or decide to gamble on their children's health, their next major worry is where to find safe, affordable and reliable child care for their children.

If people earning three and four times the minimum wage can't afford child care, imagine what the poorest of our families face.

H.R. 1720, the Family Welfare Reform Act, takes the first step toward offering these families some support. But it is only one step. H.R. 1720 will create a new work, education and training program for families on welfare that will give them the competitive edge they have lost or never had. If it works, in a few short years, thousands of welfare recipients will be ready to enter the labor force. They will be educated, trained and ready to begin working for a paycheck. Without some help with their child care expenses, however, all this effort will have been pointless. Why? The deck is stacked against the working single mother. Working full-time at the minimum wage or even slightly better, she cannot hope to earn her way out of poverty today. If her child care expenses deplete her earnings, the family's escape from poverty is even further away.

The sad fact is many children need two earners to escape poverty. According to the Congressional Research Service, one-fourth of children in married couple families would be poor if the only income there was was from their fathers' earnings.

Now, let's look more closely at the budget of this family of three leaving welfare to go work. If mom takes a job working full-time at the minimum wage, she will earn roughly $581 per month—nearly $7,000 per year. Assume she pays $25 per week for child care for each of her two children—not a princely sum, I might add; an amount well below the average reported to the Census Bureau—child care amounts to a hefty 34 percent of her earnings, leaving the family with $381 each month to pay the rent, buy clothes, and eat.

If mom refuses to accept any Government help, she and her children will be living at half the poverty level-half. She won't be welfare-dependent, but she still will be very poor.

The challenge of H.R. 1720 is to help this parent find work at a wage that can support her family. If she can't earn well above the minimum wage, she will need support—some combination of cash supplements, day care subsidies, and health insurance. All three of these items are provided with varying degrees of emphasis in the House and the Senate welfare reform bills.

The challenge in the Conference on these bills will be to retain the best of both. But whatever we do in welfare reform probably won't be enough. The child care subsidies are likely to be time-limited, and the limit won't be purely a function of the family's earnings. When the child care subsidies in H.R. 1720 run out, the need will be retained as it exists now for working families who are poor, but not poor enough to qualify for welfare benefits.

Only 11 percent of America's employers provide some help to workers who need child care. The Federal Government has become an important source of child care subsidies. Annually, the dependent care credit subsidizes over $3 billion in taxpayers' child care expenses. For poor families, the AFDC program and the Social Services Block Grant are another source. Head Start, the Community Services Block Grant, JTPA, and Federal nutrition programs also provide some help.

Now, the demand for these programs goes on and on and on. And I would just tell you, Senator, that we can't afford, as you pointed out, not to have ABC and not to have it fully funded. And I would urge you, as the original sponsor in the Senate, as I will work in the House as one of its prime sponsors, that when we are finished with welfare, this is going to be one of our priorities because we cannot, as you have suggested, afford not to do it.

Thank you.

[The prepared statement of Congressman Downey follows:]

June 28, 1988

Testimony of
The Honorable Thomas J. Downey (D., N.Y.), Acting Chairman,
Subcommittee on Public Assistance and Unemployment Compensation,
Committee on Ways and Means
at a hearing of
the Senate Subcommittee on Children,
Families, Drugs and Alcoholism.
on the Child Care Needs of Low-Income Families

The times have changed for American children. No longer does the stereotypical American family include a working father and a mom who stays home to care for the kids. Mom has gone to work.

Last year, 60 percent of all children under the age of 18 had a working mother. More than half of all children under age 6 had a mother in the labor force. Where do these children go when their mothers are working?

For children under age 5, parents have three basic options. Nearly 40 percent of these children are in some form of family day care, spending the day in the home of someone else, cared for by a family day care provider or, less often, a relative. Roughly 31 percent of these children are cared for in their own home, by a relative. Organized child care facilities look after about 23 percent. For older children -- almost 14 million of them -- the local school is the main day care center. However, a troubling 2.1 million of these kids regularly spend time after school with no adult supervision.

These working families are paying billions -- roughly $11 billion each year -- for their child care. According to the Census Bureau, the 5.3 million families paying cash for child care services averaged $38 per week per child. Nearly 30 percent of these families paid $50 or more per week. The burden on single-parent families is especially large.

Ironically, families on welfare aspire to be just like these families. They would rather work than stay on welfare but face serious obstacles. Many of these parents have not finished high school, need some remedial education, and have rusty -- if any -- job skills.

If they leave AFDC to take a job, they put their children's health at risk, since many of the jobs these parents will find do not provide health insurance. If they are lucky enough to have health insurance, or decide to gamble on their children's health, their next major worry is where to find safe, affordable and reliable child care for their children. If people earning three and four times the minimum wage can't afford child care, imagine what the poorest of our families face.

H.R. 1720, the Family Welfare Reform Act, takes the first step toward offering these families some support. But it's only one step. H.R. 1720 will create a new work, education and training program for families on welfare that will give them the competitive edge they have lost, or never had.

If it works, in a few short years thousands of welfare recipients will be ready to enter the labor force. They will be educated, trained and ready to begin working for a paycheck. Without some help with their child care expenses, however, all this effort will have been pointless.

Why? The deck is stacked against the working single mother. Working full-time at the minimum wage -- or even slightly better -- she cannot hope to earn her way out of poverty today. If her child care expenses deplete her earnings, the family's escape from poverty is even further away. The sad fact is many children need two earners to escape poverty. According to the Congressional Research Service, one-fourth of children in married couple families would be poor if their only income were their father's earnings.

Let's look more closely at the budget of this family of three leaving welfare to go to work. If Mom takes a job working full-time at the minimum wage she will earn roughly $581 per month, nearly $7,000 per year. Assume she pays $25 per week for child care for each of her two children, an amount well below the average reported by the Census Bureau. Child care amounts to a hefty 34 percent of her earnings, leaving the family with $381 each month to pay the rent, buy clothes and eat. If Mom refuses to accept any government help, she and her children will be living at half the poverty rate. She won't be welfare dependent but she will still be poor.

The challenge of H.R. 1720 is to help this parent find work at a wage that can support her family. If she can't earn well above the minimum wage, she will need support -- some combination of cash supplements, day care subsidies, and health insurance. All three of these items are provided, with varying degrees of emphasis, in the House and Senate welfare reform bills. The challenge in conference on these bills will be to retain the best of both.

But whatever we do in welfare reform probably won't be enough. The child care subsidies are likely to be time limited and the limit won't be purely a function of the family's earnings. When the child care subsidies in H.R. 1720 run out, the need will remain as it exists now for working families who are poor, but not poor enough to qualify for welfare benefits.

Only 11 percent of America's employers provide some help to workers who need child care. The Federal government has become an important source of child care subsidies. Annually, the dependent care tax credit subsidizes over $3 billion in taxpayer's child care expenses. For poor families, the AFDC program and the social services block grant are another source. Head Start, the community services block grant, JTPA, and Federal nutrition programs also provide some help.

The demand for and cost of child care grows larger each year, despite these Federal commitments. As we debate child care issues, we will consider whether to use the tax system, existing Federal programs, or a new one to deliver child care subsidies. As part of that debate, we must consider how to best target any additional child care funds to those who need our help the most and we must consider how to assure that children in child care are in safe and healthy environments. That is a tall order and one that can be controversial. But these are our children. We can either pay now or pay later.

Senator DODD. Thank you very much, Congressman.

I know you've got that important Ways and Means Committee mark-up in the House. But again, let me commend you. You really led the way in welfare reform. It was no easy task to get that bill through the House, 435 Members. To move a welfare reform package at any time is difficult, but in this particular climate, I think it is particularly hard. So we all thank you for doing that and commend you for having a child care component to it, and Senator Moynihan, as well. As you point out, it deals with the training phase, I think, and I hope that stays in the legislation—I think it will—but it would be a cruel hoax, in a sense, to provide training to someone, provide child care for them during that phase, and then say, "Now, go to work, but we're sorry, there is no more child care." There is a word for that—I don't want to use it in a public hearing——

Mr. DOWNEY. Yes.

Senator DODD [continuing]. But it would be ridiculous, to put it mildly.

Mr. DOWNEY. Senator Dodd, seated to my left and your right, the gentleman from Massachusetts will point out to you that the ET Program would not have worked if there wasn't a component of child care. It is the program in Massachusetts that we modeled most of our efforts on.

You had two extraordinary Governors come here, one a Republican from a Northeastern State, and another a Democrat from a rural State. The moon is in the seventh house, Senator Dodd, and Jupiter is aligned with Mars, if we can use a celestial metaphor, for these matters to be resolved, and it would be criminal negligence of us not to do it this year.

Senator DODD. I hope you are right.

Thank you very much, Congressman.

I am going to ask that we take a five-minute recess. We have another vote on. We will come right back. And I do apologize to the witnesses. This is one of the problems with having a hearing during a legislative session. I will be pulled away from time to time, but I'll come right back, and we'll go to you, Ms. Henricques, and then you, Mr. Johnston, and Ms. Hogan.

Thank you. The Committee will stand in recess for five minutes.

[Short recess.]

Senator DODD. First of all, let me tell all of the witnesses their statements will be included in the record as if read, but proceed however you are most comfortable.

Ms. Henricques.

Ms. HENRICQUES. Good afternoon, and thank you, Senator, for this opportunity to testify on behalf of the ABC bill.

I'd like to begin by telling you a little bit about my background. I am a single parent of two children. I come from a middle-income family. My parents have always worked and are still working, even though they are both far beyond the age of retirement.

I share this with you because my background in this instance is not much different than other people and because I think it is important to emphasize that not all parents needing subsidized child care come from a history of broken homes or welfare rolls.

However, when those families who have to depend on their Government for financial support attempt to collect themselves and join or rejoin the work force, they should not be deterred or frustrated by the lack of affordable quality child care.

I have experienced that frustration. When I attempted to return to work after my first child was born, my first plan was asking a friend to care for my son. She became pregnant with her fifth child and began to experience family problems. So ended my first arrangement. She did, however, suggest a friend of her sister's who was willing to come to my house and care for my son. I conducted an informal interview, and my second arrangement began. Unfortunately, it ended all too soon when I came home to find my eight-month-old crawling about and my babysitter sound asleep, with the smell of alcohol on her breath.

I was determined to work. I was a paraprofessional in the public school system, and I had plans to further my education through a special education offered by the Board of Education.

My final arrangement was with a woman who was recommended by one of my coworkers. She didn't drink, was older, and had been in the business for several years. I have no real concrete evidence of exactly what went on in that household. I only remember arriving to pick up my child with him practically leaping out of the crib for me and trembling with fear. Needless to say, another arrangement ended, and with it, my plans for a better future.

I realized then and am certain of it now that as a parent, nothing is as important as the well-being and safety of my children. This was my responsibility as a parent. So I resigned my job and turned to Aid for Families with Dependent Children. I had no other recourse.

Public assistance was helpful, but just barely, and definitely not what I was accustomed to. One and one-half years later, I accidentally found a Head Start Program. I enrolled my son. Head Start is a half-day program for low-income families; I qualified. My son graduated from Head Start. It was a rewarding experience for both of us. But I was ready to return to work.

Before I could work, my son needed longer hours of care. I inquired of the few schools I knew about in my area. My hopes began to sink when they quoted fees of $3,000 to $4,000 per year for tuition—certainly nothing that I could afford.

I spoke to the family worker at the Head Start Program, and she told me about "day care centers"; they were centers whose fees were based on the family's income. I followed her instructions and applied to the Agency for Child Development, which is New York City's subsidizing agency.

I enrolled my son and also found employment at the same day care center. I was back in the work force, but also feeling very at ease and confident that my child was receiving quality education and care at an affordable cost to me.

With my second child, I knew where to go and what to do, but I did discover a new form of subsidized care, which was family day care. Family day care is care in someone's home who is licensed to care for children from two months to twelve years old. I had an excellent provider and returned to work in the field where I am presently employed—resource and referral. I assist parents who are looking for child care with evaluating their options.

As many of you know, the Bureau of Labor Statistics cites that over half the women in the work force have children under six years old and that almost half of those women have children under the age of two.

In New York City, there are approximately 72,000 children under the age of two whose families are eligible for publicly-funded child care, and there are only approximately 4,422 subsidized family day care slots available.

Full-time, private, nonsubsidized family day care in New York City can cost as much as $600 per month, and private full-time day care ranges as high as $800 per month. These costs equal what some people are paying in housing cost.

I consider myself fortunate for having found subsidized care when I did. I have also come to realize that it is not only necessary to increase the number of regulated subsidized care; it is imperative. We cannot offer parents training, education, employment, or any welfare to work programs without having regulated, affordable child care sufficiently available to them. To do otherwise is certainly putting the cart before the horse, and would not realistically address the needs of those families who cannot afford the rising cost of child care.

Thank you for your attention.

Senator DODD. Thank you very much, Ms. Henricques. We appreciate your being here today and testifying before the Committee.

Mr. Johnston, thank you for waiting. Your testimony is welcomed, obviously, in its entirety. We are particularly anxious to hear about the Massachusetts experience, those of us who are familiar with the ET Program. You really have been the pace-setters in many ways, and we commend you for that and are anxious to hear your suggestions and recommendations, because you already have the hands-on experience.

We thank you for being here this morning.

Mr. JOHNSTON. Thank you, Mr. Chairman, and thank you and the Members of the Committee for inviting me to testify before you this morning. And particular thanks to Senator Kennedy, who was here, and graciously said some nice things about me and my boss, Governor Dukakis; and Senator Harkin, who has been so active in this as well.

But in particular, Mr. Chairman, on behalf of all of us who have been involved in this issue in our State, beginning with the Governor, but involving literally thousands of people in the child care community, the day care world in particular, I want to commend you for your active work in this area and particularly for your sponsorship of the Act for Better Child Care. Your efforts and the efforts of the Subcommittee will help to focus national attention on the critical need for affordable, quality child care.

Welfare reform, as has been pointed out several times this morning, will transform our current AFDC program into a vehicle for education, training and work. Our AFDC system, which was created under Franklin Roosevelt in 1935 as a program to enable widowed mothers to stay at home and care for their children, might have fit the needs of children and families in 1935, but it obviously no longer meets the needs of children and families in 1988.

Any effort to help families become and remain economically independent and self-sufficient will only work if these efforts include affordable, high-quality child care.

In January 1985, when Governor Michael Dukakis announced the Day Care Partnership in Massachusetts, he said that "quality child care is a lifeline to the economic independence and stability of families and vital to a sound future for our children". With the Governor's leadership, the Partnership has brought together all of the parties who have an important stake in the availability of day care. It is a comprehensive approach, developed by a 50-person task force comprised of State and local government officials, business and labor leaders, school superintendents, college administrators and faculty, day care providers, and most important, parents. Each of these sectors now plays an important role in the Partnership's success.

We now have in Massachusetts, I believe, the Nation's most comprehensive day care system. Day care has been an essential component of Massachusetts' Employment and Training Choices Program, ET, which has been a model many other States have used in designing employment and training programs for AFDC recipients.

ET was developed, as you know, in 1983, with the help of former welfare recipients and advocates for the poor. It is based on the premise that most welfare recipients can and want to work. The overwhelming majority of welfare recipients are single mothers and their children. Therefore, unless we expect them to abandon their children, an employment and training program that does not include child care services is doomed to failure.

Without day care, ET simply would not work. Over 55 percent of current Massachusetts ET participants have children under the age of six. This is an increase from 18 percent when the program first began in 1983. These parents voluntarily participate in the ET Program. Most need day care, and each one is eligible for a day care voucher through ET.

ET is the story of people like Myra Hogan, the woman to my left from whom you are going to hear today. Myra's story is shared by 50,000 other ET participants who are now employed in unsubsidized jobs in Massachusetts. The average starting salary for full-time ET placements is $13,500, more than twice our maximum welfare grant of $6,900 for a family of three. Over 80 percent of ET graduates in full-time employment have employer-provided health insurance as well.

Since ET began in 1983, it has saved taxpayers almost $260 million in reduced welfare benefits and increased revenues from Federal and State taxes. In addition, the number of families on welfare has declined 6 percent despite the fact that welfare benefits in Massachusetts have increased by 47 percent, more than any other State in the country, during the last four years.

Each month, about 9,000 children whose parents are participating in ET will participate in the day care voucher program, at an annual cost of approximately $37 million. The cost of the ET voucher day care program is nearly half of the entire ET budget.

We have committed these resources—these are all State funds—because we know that over 60 percent of our AFDC cases have at least one child under the age of six. We also know that young single parents are the most at risk of becoming long-term welfare recipients.

Vouchers provide quick access to needed care. ET participants do not have to add their child's name to the long waiting lists confronting most parents confronting subsidized day care. Parents must use licensed care, and voucher management agencies help them to find day care. About 40 percent choose family day care; the rest use day care centers. Parents pay on a sliding fee basis, depending on their income. The average annual voucher cost to the State for each child is now about $4,100.

We have also made a commitment beyond this to continuity of care. ET graduates are able to keep their day care vouchers as long as they remain income-eligible, until there is an available subsidized contracted day care slot. Continuity of care more than anything else ensures that ET graduates do not return to the welfare rolls. Seventy-five percent of all ET graduates since 1983 are still off the welfare rolls in 1988.

We have learned in Massachusetts that the availability of quality, affordable day care is critical to helping parents leave welfare as well as to preventing families from ever entering the welfare system in the first place.

In addition to serving ET families and graduates, the goal of the Day Care Partnership is to create more affordable quality child care programs for all Massachusetts working families.

Seventeen State agencies, coordinated by a day care policy unit in my office, under Nancy Kaufman, Assistant Secretary, who is here with me today, are involved in making the Partnership work. State Government's role is to help communities identify child care needs and existing gaps in services; provide technical assistance and incentives to develop new programs and expand existing programs; determine quality standards and monitor those standards to ensure that children's developmental needs are met; subsidize the costs of care for low- and moderate-income families; and purchase care for families in crisis.

This year, the State will invest—and we look at this as an investment and a wise investment—over $130 million in day care, primarily to subsidize the cost of care for over 30,000 children, including the children who received ET day care vouchers.

We know, though, that State government alone will not be able to meet the child care needs of all of our families. The Partnership therefore includes business, labor, local government, schools, colleges, public housing authorities, United Way, foundations, and day care providers.

A network of 12 Child Care Resource and Referral Agencies, with 21 offices throughout the State, play a critical role in making our Day Care Partnership Work. These private agencies have become each community's hub of day care activity. Over 50,000 parents have received assistance through these CCR&Rs in finding child care.

Many of our efforts in Massachusetts focus on improving the quality of our child care programs as well as increasing the supply and assuring access to low- and moderate-income families. The Perry Preschool Project and many other research efforts document that young children will thrive in quality programs. At the same time, children in overcrowded programs with untrained caregivers are in danger, physically, emotionally and developmentally.

To improve quality, we have strengthened our preschool and family day care regulations, increased the number of licensors dramatically, and developed school-age day care regulations.

Because we know that the quality of care is determined by the quality of the caregivers, to address Senator Harkin's earlier point, we have increased the salaries of workers in day care centers with State contracts by over 49 percent and the daily rate of family day care providers by over 80 percent. This year, the average salary in Massachusetts for a direct care worker in a participating center will be about $18,600, which is well above the national average.

We have also provided to thousands of day care workers and family day care providers so that we can not only recruit these workers, but retain them in the industry as well.

The Day Care Partnership brings together all of these partners at the table, but the key partner that has been consistently absent from the table, tragically, has been the Federal Government. While Massachusetts may be doing more than any other State in the Nation on day care, no State, not matter how committed the leadership is or how vast the resources, will be able to meet even a substantial portion of the need without a strong Federal partner.

This hearing today shows us that there is obvious support in Congress for a stronger Federal child care role. I know that the support is coming from both Democrats and Republicans. This is not a partisan issue. There are many lessons from Massachusetts which I offer as guidance as you frame a Federal response. The Act for Better Child Care would be, I believe, and Governor Dukakis believes, a very important step toward a National Day Care Partnership, an initiative which is long overdue. The ABC bill contains many of the components of our Day Care Partnership.

We in Massachusetts thank you, Chairman Dodd, and Senator Harkin, Senator Kennedy, the other Members of the Subcommittee, for calling these hearings to examine the important role which we believe the Federal Government must begin to play to help make affordable quality child care available to every working family in our country.

Thank you.

Senator DODD. Mr. Johnston, thank you very much for being here.

[Prepared statement of Mr. Johnston follows:]

Statement of

Philip W. Johnston,
Secretary of the Massachusetts
Executive Office of Human Services.

Before the Senate Subcommittee
On Children, Family, Drugs and
Alcoholism

June 28, 1988

I want to thank you, Senator Dodd, and the members of the Subcommittee for inviting me to be a member of this panel today. In particular, Mr. Chairman, you are to be commended for your sponsorship of the Act For Better Child Care. Your efforts, and the efforts of this subcommittee will help focus national attention on the critical need for affordable, quality child care.

Welfare reform will transform our current AFDC program into a vehicle for education, training and work. Our AFDC system, which was created in 1935 as a program to enable widowed mothers to stay at home and care for their children, might have fit the needs of children and families in 1935. But it no longer meets the needs of children and families in 1988. Any effort to help families become and remain economically self-sufficient will only work if these efforts include affordable quality child care.

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In January 1985 when Governor Michael S. Dukakis announced the Day Care Partnership, he stated that "quality child care is a lifeline to the economic independence and stability of families and vital to a sound future for our children". With the Governor's leadership, the Partnership has brought together all of the parties who have an important stake in the availability of day care. It is a comprehensive approach, developed by a 50-person task force comprised of state and local government officials, business and labor leaders, school superintendents, college administrators and faculty, day care providers, and parents. Each of these sectors now plays an important role in the Partnership's success. We now have what many people consider to be the nation's most comprehensive day care system.

Day care has been an essential component of Massachusetts' Employment and Training Choices program (ET), which has been a model many other states have used in designing employment and training programs for AFDC recipients. ET was developed in 1983 with the help of former welfare recipients and advocates for the poor. It is based on the premise that most AFDC recipients can and want to work. The overwhelming majority of welfare recipients are single mothers and their children. Therefore, unless we expect them to abandon their children, an employment and training program that does not include child care services is doomed to failure.

Without day care, ET simply would not work. Over 55% of current Massachusetts ET participants have children under the age of six. This is an increase from 18% when the program first began in 1983. These parents voluntarily participate in ET. Most need day care and each one is eligible for a day care voucher through ET.

ET is the story of people like Myra Hogan who you are going to hear from today. Myra's story is shared by over 50,000 other ET participants, who are now employed in unsubsidized jobs. The average starting salary for full-time ET placements is $13,500 more than twice our maximum welfare grant of $6,900 for a family of three. Over 80% of ET graduates in fulltime employment have employer-provider health insurance.

Since ET began in 1983, it has saved taxpayers almost $260 million in reduced welfare benefits and increased revenues from federal and state taxes. In addition, the number of families on welfare has declined 6%, despite the fact that welfare benefits have increased 47%.

Each month about 9,000 children, whose parents are participating in ET, will participate in the day care voucher program, at an annual cost of approximately $37 million. The cost of the ET voucher day care program is nearly half of the entire ET budget. We have committed these resources because we know that over 60% of our AFDC cases have at least one child under the age of six. We also know that young single parents are the most at risk of becoming long term welfare recipients.

Vouchers provide quick access to needed care. ET participants do not have to add their child's name to the long waiting lists confronting most parents seeking subsidized day care. Parents must use licensed care, and voucher management agencies help them find care. About 40% chose family day care, the rest use day care centers. Parents pay on a sliding fee basis, depending on their income. The average annual voucher cost to the state for each child is now about $4100.

We have also made a commitment to continuity of care. ET graduates are able to keep their day care vouchers (as long as they remain income eligible) until there is an available subsidized contracted day care slot. Continuity of care ensures that ET graduates do not return to the welfare rolls. Seventy five percent (75%) of all ET graduates since 1983 are still off of welfare.

We have learned that the availability of quality, affordable day care is critical to helping parents leave welfare as well as preventing families from ever entering the welfare system. In addition to serving ET families and graduates, the goal of the Day Care Partnership is to create more affordable quality child care programs for all Massachusetts working families.

Seventeen state agencies, coordinated by a day care policy unit in my office, the Executive Office of Human Services, are involved in making the partnership work. State Government's role is to:

* Help communities identify child care needs and existing gaps in services.

* Provide technical assistance and incentives to develop new programs and expand existing programs.

* Determine quality standards and monitor these standards to ensure that children's developmental needs are met.

* Subsidize the costs of care for low and moderate income families.

* Purchase care for families in crisis.

This year the state will invest over $130 million in day care, primarily to subsidize the cost of care for over 30,000 children, including the children who received ET day care vouchers. We know, though, that state government alone will not be able to meet the child care needs of all our families. The Partnership includes business, labor, local government, schools, colleges, public housing authorities, united ways, foundatins, and day care providers.

A network of 12 Child Care Resource and Referral Agencies, with 21 offices throughout the state, plays a critical role in making our Day Care Partnership work. These private agencies have become each community's hub of day care activity. Over 50,000 parents have received assistance in finding child care.

At the same time, these agencies identify needs and bring together state and local resources to support existing programs and develop new ones. Child Care Resource and Referral Agencies also provide training and technical assistance to both teachers and administrative staff in order to ensure the quality of existing child care services.

Through our Corporate Child Care Office, located in our Executive Office of Economic Affairs, we provide technical assistance to businesses and developers to create new programs. We have worked hundreds of employers, resulting in 118 newly developed corporate child care programs. During the past three years, 50 of the 159 new Massachusetts day care centers have been employer supported. We are helping our corporate leaders to understand that day care is not just good social policy - it is good business as well.

Many of our efforts in Massachusetts focus on improving the quality of our child care programs as well as increasing the supply and assuring access to low and moderate income families. The Perry Preschool project and many other research efforts document that young children will thrive in quality programs. At the same time children in overcrowded programs with untrained caregivers, are in danger physically, emotionally and developmentally.

To improve quality, we have strengthened our preschool and family day care regulations, increased the number of licensors and developed school-age day care regulations. Because we know that the quality of care is determined by the quality of the caregivers, we have increased the salaries of workers in day care centers, with state contracts, by over 49% and the daily rate of family day care providers by over 80%. This year the average salary for a direct care worker, in a participating center, will be about $18,600, well above the national average. We have also provided training to thousands of day care workers and family day care providers.

The Day Care Partnership brings together labor, business, education, human services, state and local government. The key partner that has been consistently absent from the table, though, is the federal government. While Massachusetts may be doing more than any other state in the nation on day care, no state will be able to meet even a substantial portion of the need without a strong federal partner.

This hearing today and 170 proposed bills show us there is obvious support in Congress for a stronger federal child care role. I know that the support is coming from both Democrats and Republicans. There are many lessons from Massachusetts which I offer as guidance as you frame a federal response.

The Partnership works because it is a comprehensive approach focusing on availability, affordability and quality. The principles that are the foundation for our subsidized day care system include paying the market rate, providing a sliding fee scale and continuity of care. Without these commitments, low and moderate income families would not be able to work knowing that their children are receiving good care. Parents should not be forced to choose between the jobs they need and the children they love, but they will continue to face this awful dilemma until quality affordable day care is a priority for all of us.

The Act for Better Child Care (ABC), would be, I believe an important step toward a National Day Care Partnership, an initiative which is long overdue. The ABC bill contains many of the components of our Day Care Partnership.

The need for such an initiative becomes more pressing each day. Recently, the Committee for Economic Development, composed of over 200 top-level American business executives, published a report entitled Children in Need. In it, they stated, "this nation cannot continue to compete and prosper in the global arena when more than one-fifth of our children live in poverty and a third group in ignorance. Allowing this to continue will not only impoverish these children, it will impoverish our nation culturally." The report sites child care as a key issue that we as a nation cannot afford to ignore.

We have just completed an extensive study of the child care needs of Massachusetts families. Forty per cent of the Massachusetts mothers surveyed who do not work now said that, if affordable day care were available, they would look for work or enter school or job training programs. Poll after poll shows that Americans want more support for child care and they are willing to pay for it with their tax dollars. Providing the needed leadership and support for a National Day Care Partnership will help each of our families truly become and remain economically self sufficient.

We in Massachusetts thank you Chairman Dodd, and members of this subcommittee, for calling these hearings to examine the important role which I believe the federal government must play to make affordable quality child care available to every working family.

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Massachusetts Day Care Partnership
Major Accomplishments
1985 - June 1988

CREATING MORE AND AFFORDABLE DAY CARE

9,500 new state-subsidized day care slots, for a total of 29,550 slots for low and moderate income working families and families in crisis.

159 new center based day care programs licensed resulting in a total of over 1,900 sites, serving 94,900 children statewide.

118 newly developed corporate child care programs bringing the total to 154 private employers that have developed child care options for their employees, including 50 new center-based day care programs.

13 new programs for 740 children of state employees will bring the total number of day care centers in state-owned facilities to 46, serving 1,850 children.

690 slots in day care centers and 130 slots in family day care homes in public housing developments.

$750,000 loan fund established by Massachusetts Industrial Finance Agency.

Statewide network of 12 Child Care Resources and Referral agencies with 21 sites.

Over 310 families received assistance from a pilot day care Affordability Scholarship Assistance Program created in June 1987 to aid families ineligible for other subsidies.

CREATING SAFE, HIGH QUALITY DAY CARE

49% increases in wages for day care employees in programs with state contracts, raising the average salary to $18,667 in FY88. 82% increase in daily rate paid to family day care providers (from $8.40 to $15.35), who care for children receiving state subsidized child care.

53,000 parents assisted in finding appropriate child care through the Child Care Resources and Referral network.

9,000 day care workers trained in FY'88 through Office For Children funded college-credit courses or state-sponsored workshops and seminars.

Senator DODD. We will hear now from Ms. Myra Hogan, who is a graduate, I guess is the way to describe it, of the Massachusetts ET Choices Program. We thank you for coming down this morning as well and we would be glad to receive your testimony.

Ms. HOGAN. Thank you, Senator. I also want to thank you for your interruptions; I appreciate your doing your work.

I am here today in support of the Act for Better Child Care Services. My story is one of 50,000 Massachusetts ET graduates.

In October 1986, typical to most women on AFDC, I was recently separated from my husband and responsible for a young child. I moved from Vermont to Greenfield, Massachusetts with no car and no housing. Having spent six years since my college graduating dedicating my time to being a full-time wife and mother, I had not developed employable skills.

When I applied for AFDC, I enrolled in the Employment and Training Choices Program, and I chose this direction as a means to better myself and my family's circumstances.

My first ET choice was vocational counseling, where I spent four months with an excellent counselor, focusing on the direction in which I wanted to go. We both decided that graduate school was the goal, but personal circumstances prohibited me from school at that time. I then began my job search. Throughout this time, I was given a voucher day care subsidy for my son to attend the Greenfield Child Care Center three days per week. When I secured my job as an information and referral specialist for child care resource and referral, my voucher was for five days per week and guaranteed to me up to one year past my first date of employment. This one-year guarantee was to give me adequate time to secure a DSS Basic Slot—and I can explain that to you later—for my son. By mid- to late-summer, the center had a slot, and my son is now subsidized through Department of Social Services.

In truth, I could have never moved into gainful employment without these subsidies or the ET Choice Program. There have been difficulties with day care during the one and a half years I have been using care. During the first six months of my full-time employment, my son's classroom had five major staff turnovers. The morale of teachers was very low. My son's head teacher, who had ten years of administrative and classroom experience and a college degree, was making $5.48 per hour. This was before the State's wage upgrading took place. Because of my work with child care resource and referral, I know that this salary is comparable to other salaries in the two-county area which we serve.

I believe that a national child care policy is long overdue and that such a policy must use the expertise of the child care professionals of America, as has the Act for Better Child Care Services.

The issues of parent subsidies and teacher salaries and training are of paramount importance. I also believe that considering the abysmal state of child care in States other than Massachusetts, that $2.5 billion should be considered a minimal first step, and I encourage you all to do your utmost to pass this bill with no cuts in the $2.5 billion allotted. Thank you for your attention.

Senator DODD. Thank you, Ms. Hogan very much.

[Statement of Ms. Hogan follows:]

Myra Hogan has a four year old son. She and her husband separated in 1986 and she turned to welfare for support. Although she had a BA in English Literature, she never had a real job and she did not know how to go about getting one. She thought that there would always be someone to take care of her.

Myra signed up for ET right after she started getting AFDC. Her first step was vocational counseling through the Franklin/ Hampshire Employment Consortium. (No one had ever told her before that she could do a job). A vocational conselor helped her to figure out what kinds of skills she had.

Myra entered an OJT program and was placed at Child Care Focus (one of our Child Care Resource and Referral Agencies) as an Information and Referral Specialist. She started at $7.35 an hour. After six months she became a regular employee and she now earns $7.85 an hour, $15,300 a year.

Myra received a day care voucher, through the ET program when she started her job. The center she chose also has a day care contract with the Department of Social Services. When a contracted subsidized slot became available Myra's son moved into it. Myra now pays $160.00 a month ($1900.00 a year) for day care. This is about 12% of her salary. She would not be able to pay the almost $5000 full cost of care which would be a third of her salary.

Senator DODD. Briefly, a couple of questions.

Mr. Johnston, you were present here this morning as we heard from the two Governors, and the particular focus of attention was on the issue of standards.

Now, Massachusetts has what I guess most other State would probably call strict standards. We have up here—I guess we don't have Massachusetts included on this chart here, but certainly, it is as strong as Connecticut, I know, and I think stronger in some areas.

As someone who is involved at the State level—and obviously, there is historically a reaction to Federally-mandated programs by governors and mayors, and with some justice in areas—but I wonder if you might comment generally on the issue of standards and whether or not you believe the Federal Government is overreaching in this particular case with this legislation, or being too stringent in the standards that we set in this legislation?

Mr. JOHNSTON. No. I feel very, very strongly that if in this country we can't guarantee that every child in every, single State is going to be in a safe environment which allows that child to grow and to thrive, then we're not doing our jobs very well here in our country.

I think that having sort of basic standards which are Federally set, Federally mandated for day care providers is a step which is long overdue, and I commend you and the other sponsors of this legislation for incorporating a strong standards piece in this legislation.

Obviously, there has got to be a floor set, and then we can negotiate above the floor. I think we have already reached, certainly in Massachusetts and probably in your own State of Connecticut, we are probably already above the floor. But we have got to make certain that every State does that. And then it seems to me the Federal Government ought to do everything that it can, and these are provisions that are in the bill as well, to provide technical assistance and as much funding as possible to help the States deal with those issues.

But this just seems to me to be basic in 1988 in the United States of America, and we really ought to be beyond the point where this is even being debated.

Senator DODD. What is the reaction of the business community, the private sector, to the ET Program in Massachusetts, both before and now after you have had some experience with it?

Mr. JOHNSTON. Well, the fascinating thing, Mr. Chairman, is that the ET Program has probably its strongest supporters within the corporate community in our State. If you talk to the average CEO in some of the businesses that are involved with this program—and we have got about 9,000 of them in Massachusetts that have employed ET graduates—they'll tell you that some of their very best workers, some of their most highly-motivated workers, are ET graduates, like Myra and so many others of the 50,000 who have gone through the program. They are women who don't want to go back on the welfare rolls, they want to be independent, they want to be self-sufficient, they know what it is like to be on welfare, and so the motivation is extraordinary. And the personal stories which have been told by so many individual graduates are nothing short of among the most moving experiences that I have had in 15 years in State Government.

So we have got tremendous support for this program and for the day care component of the program in the business community, and the business leaders understand that this program would not work were it not for the day care piece of it.

Senator DODD. That has been our experience in Connecticut as well.

Lastly, let's assume that the welfare reform package passes the Congress, the Conference, and the President signs it into law, and let's assume further that the child care component during the training and transition period is retained. If we do not pass something like ABC, if not ABC, would it be your judgment that the welfare reform program would then be an utter failure without this component of child care nationally?

Mr. JOHNSTON. Yes. Our experience has been, as I indicated, that you cannot have welfare reform, which really encourages welfare recipients to move from welfare to work and have them move off those rolls permanently, without having some provision for adequate affordable child care. If that piece is not part of the welfare reform strategy, then welfare reform will not work.

So my approach to this, and certainly Governor Dukakis' has been that the two issues go very much hand-in-hand.

There is a third element here, too, which you have referred to, and that is health care. Providing adequate health care, adequate, affordable health care to every single person and providing adequate quality affordable child care to families are indispensable ingredients in making this work.

Senator DODD. It is somewhat incongruous, then, that the people who have been for years advocating to get people off welfare and get them back to work would simultaneously be opposed to child care legislation.

Mr. JOHNSTON. Yes.

Senator DODD. Ms. Henricques and Ms. Hogan, we thank you for coming. It is not easy to come down and testify before a Congressional Committee, which you both did extremely well, and we thank you for being here.

And basically, your testimony—and I'll ask each of you to comment on this—I think your salary was $15,000 a year, which I presume is public testimony—I hope I didn't violate some confidence——

Ms. HOGAN. Yes, it is.

Senator DODD [continuing]. But without the child care component, it would have just been impossible, as I heard you address this, for you to maintain that work schedule.

Ms. HOGAN. Yes. In Massachusetts, at the day care center that I do use, if I were paying full price for day care, I would be paying something like $400 per month, at least.

Senator DODD. That's the standard cost?

Ms. HOGAN. That's probably on the low end of the standard.

Senator DODD. Ms. Henricques, is there any doubt in your mind, in the absence of some sort of child care program, that you would be on AFDC?

Ms. HENRICQUES. No, there is absolutely no doubt in my mind. I also as a parent counselor hear from parents who are trying to get into a training program or are currently involved in training programs, or looking for work; they can't go any further than thinking about it looking at ads in the paper, or looking for work, until they have that piece of child care in place. And it is extremely frustrating, as it was for me; it is extremely frustrating for the parents that I talk to on a daily basis.

Senator DODD. Let me just ask you in ball park figures, if I may. We hear a lot of talk about surveys that are done of AFDC recipients, and the statisticians tell us the number is very high, of people who cannot get off AFDC because of the absence of child care.

As a counselor—and I know it isn't a national survey——

Ms. HENRICQUES. And don't quote me on the figures.

Senator DODD. No. But what would you say—out of, say, every 50 people you see or 100 people you see, how many out of that 100 raise this as one of the principal, if not the principal, reason?

Ms. HENRICQUES. I was thinking about that before I came down today, and I would say I speak to about 100 parents per month, and of those 100, I'd say about 20 to 30 percent are on public assistance, trying to get off and cannot.

Senator DODD. And the reason that they don't, of that number, how many cite child care?

Ms. HENRICQUES. It is child care, it is child care. It is always child care—because that means once they've made that call to an R&R, that means they are ready to do something. It is either enroll in a training program, they have heard about training programs, they are ready to go back to work, but they don't have child care.

Senator DODD. So in your case, in your one situation, while it is not a national survey, virtually 100 percent of the people you deal with on AFDC raise this as the principal issue.

Ms. HENRICQUES. I would feel comfortable saying that.

Senator DODD. I thank you very much.

Senator Harkin.

Senator HARKIN. Mr. Chairman, I just want to thank the witnesses for being here today and for providing us with this great testimony.

I just want to ask Mr. Johnston about the day care system in Massachusetts. You said the average annual voucher cost to the State for each child is now about $4,100. That is somewhere between $80 and $85 per week, the average cost of day care, preschool day care, in Massachusetts.

Mr. JOHNSTON. Yes.

Senator HARKIN. Well, for that much money, what I'm coming back to—if you were here earlier, I'm trying to focus on what day care providers are being paid in Massachusetts. I know that they are being paid in Iowa at rates of around $40 to $60 a week; $85 per week is considerably more.

Mr. JOHNSTON. Yes. I was making this point as you were entering the hearing room. We felt very, very strongly, as you do, Senator, that paying people decently is the most important thing we can do to guarantee quality of care for children. So three years ago, the Governor and the legislature in recognition of this began to support additional State funding for day care workers, direct care workers in day care programs. And of course, we can't influence directly the salaries that are paid in totally private day care programs, but we can have a great deal of impact in programs which have contracts with us, with the State. And of course, because we do so much in day care, we as a State Government do so much in day care in Massachusetts, we therefore have the capacity to have quite an impact.

So as a result of the salary upgrading program, which has been a very explicit policy which we have undertaken in our State during the last three years, direct care wages have been increased by 49 percent so that now, the average day care worker in Massachusetts is making $18,600 a year. And the family day care providers' rates have gone up by 82 percent.

Even an average salary of $18,600 per year really doesn't reflect the education and the training that many of these workers have. I mean, if they were teaching, for instance, in a public school system, they would be making considerably more than that. We now have a policy in Massachusetts where entry-level teachers in public schools begin at $18,000 a year. The average is a little above that now on the private day care side. So we don't believe we have ended the salary upgrading program by any means. We are going to continue to do this each year until the salaries in day care reflect what those workers could be making in comparable positions elsewhere. And we are not going to be satisfied, frankly, that we have achieved the kind of quality of care in the day care system that we feel is necessary until we have got those salaries up even more than we have gotten them now.

But we are doing more than any other State in the country in this regard.

Senator HARKIN. The last thing I just wanted to point out, on page 5 you talked about the Committee for Economic Development that was set up by President Reagan, and they reported on "Children in Need". I am aware of that report. I am also aware of the fact that the chairman of that committee was the former chairman of Proctor and Gamble. This committee is comprised, as you know, Mr. Chairman, of top corporate officers in America. And do you remember how much they recommended that we spend per year on early intervention programs, including child care—$11 billion a year. That is about five times what we are proposing. And these were not leftist liberals that were asking that. These were corporate managers of America.

Senator DODD. There are none of those leftist liberals around here, are there?

Senator HARKIN. No. When I waved my hand like that, I wasn't waving at you. [Laughter.]

Thank you very much.

Thank you, Mr. Chairman.

Senator DODD. We thank all the witnesses again very, very much for being with us this morning.

Our third panel includes Dr. Deborah Phillips, Assistant Professor of Psychology, University of Virginia; Michaelene Michaels, a parent from Lansing, Michigan; Roger Hall, President, Corporate Realty International, Belair, Texas; Sandy Gellert, President of the National Association for Family Day Care, Clifton Heights, Pennsylvania; and the Honorable Elliot Ginsberg, Commissioner of the Connecticut Department of Human Services in Hartford, Connecticut.

I am delighted to welcome all of you here this morning. I apologize for the delay; we had hoped to have you on earlier, but because of the delay and votes and everything else—I could see some of you wincing as those buzzers went off. When you hear two short buzzer sounds, that's a quorum call; don't worry. It is the long one that means there is a vote. We should be able to have a fairly safe run for a few minutes, because of the break for lunch and conferences this morning, and we'll try and move through this as quickly as possible.

I thank all of you for being here. Your statements will be included in the record. I would ask you for the sake of brevity to try and paraphrase your remarks. Dr. Phillips, yours particularly is lengthy, and I have read every word of it, and I am going to see that some of the Governors get it, because I really think we've got a tremendous misconception about standards out there, and I think your testimony really goes to the heart of the problem. You cite particularly, I think, the Department of Defense studies, which I think are particularly revealing and helpful—not that the others are not, but I think the fact that our Department of Defense sees this as an important issue, where they have child care facilities all across the country in States as varied as they could possibly be, and that they find national standards in the interest of their dependents, I think says volumes about what needs to be done.

So we'll begin with you, Dr. Phillips, and move right on down the line.

STATEMENTS OF DR. DEBORAH A. PHILLIPS, ASSISTANT PROFESSOR OF PSYCHOLOGY, UNIVERSITY OF VIRGINIA, CHARLOTTESVILLE, VA; MICHAELENE MICHAELS, PARENT, LANSING, MI; ROGER D. HALL, PRESIDENT, CORPORATE REALTY INTERNATIONAL, BELAIR, TX; SANDY GELLERT, PRESIDENT, NATIONAL ASSOCIATION FOR FAMILY DAY CARE, CLIFTON HEIGHTS, PA; AND HON. ELLIOT GINSBERG, COMMISSIONER, CONNECTICUT DEPARTMENT OF HUMAN SERVICES, HARTFORD, CT

Dr. Phillips. Thank you very much.

It is a pleasure to be here, and it is especially a pleasure, and a rare one, to sit in the audience and hear the Chair of the Committee stealing your best lines. It is wonderful, and I comment you for that and also thank you for your work on this issue.

The capacity of any child care legislation to affect the safety and quality of child care is crucially important for one, single reason: It can affect the environments that children are experiencing day in and day out, month in and month out, and year in and year out, during the most critical years of their development.

When I speak to parents, I tell them that they are not simply purchasing a convenience that will enable them to go to work, but they are purchasing a child-rearing environment for their child. The same message needs to be sounded loudly and clearly for policymakers who are establishing policies that will affect those environments.

If there is one lesson that can be learned from the child development research on child care, it is that there is tremendous variation in the child care environments that children experience, and that variation has as strong and a meaningful and a consistent effect on children's development—their social development, their language development, and their cognitive development. And we are talking about variation not up to the level of early intervention programs, the very expensive and the very best care we have to offer; we are talking about variation within the range of care that can be affected by State child care regulations and hopefully by Federal child care regulations.

Research has also been remarkably consistent in identifying the actual ingredients that seem to make a difference in what children experience in child care. These were identified actually in the late 1970s by a multi-million-dollar national day care study funded by the Federal Government to inform exactly the kind of process that we are going through right now.

Those ingredients are the group size, the caregiver training, and especially important for infants and toddlers are the ratios of staff to children.

Also important, you will get a consensus among experts and practitioners alike, is the issue of parental access to child care, and that as well is addressed in the ABC bill. Parents should be able to walk into their child care programs at any time, unannounced. And as unbelievable as it may seem, that is not true in every State. Some centers can require parents to call before they come.

The effects of these factors that make a difference are also not trivial. They can make a difference in whether children are left to wander aimlessly in their child care programs or whether there are enough caregivers to make sure that they are actively engaged in activities. They can make a difference in whether and how often infants are picked up as opposed to lying in cribs. And perhaps most basically, they can make a difference in simply the degree of supervision that children receive.

Some have argued that the lack of Federal child care standards is basically due to lack of agreement among those in the field and experts about what to regulate. At this point, nothing could be farther from the truth. We got a consensus on regulations in 1968; we got it again in 1971; we got it again in 1975, in 1980. We can see it reflected in the center accreditation that the NAEYC has issued. And we see it again now in the Alliance for a Better Child Care Bill, where there are pages of organizations endorsing this legislation, including the standards provision.

These organizations include my own two professional organizations, the American Psychological Association and the Society for Research in Child Development. And I can assure you that the child development organization is most interested in the standards provision of this legislation.

And as you have noted, it is also acknowledged by policymakers when they call what we are talking about here Head Start or Smart Start. Nobody is willing to compromise on quality—and the same should be true in this case.

One reason for ignoring Federal standards is that the States are doing an adequate job. In this case, Federal standards would be superfluous. Some States like Massachusetts and Connecticut are doing a fabulous job with their regulations and are assuring that floor of adequate quality care. Other States are not. And as you called attention to, Senator, the Department of Defense is now reviewing all of the State standards to compare their own national standards to what the States are doing.

What I am seeing in the process of doing this is the remarkable variation in State regulation so that a child in Connecticut is very lucky and is probably not going to be in child care if they are in regulated care that is going to be harmful to them; a child in Idaho—which actually has twelve-to-one ratios for infants—is probably in a hazardous situation.

When you look at that iron triangle of ingredients of group size and ratios and training, we are finding that 28 States don't even regulate group size. We are finding that although 29 States are commendable in having four-to-one or three-to-one ratios for infants, ten have ratios greater than or equal to six-to-one. Twenty-eight States require neither training nor experience for family day care providers who are regulated. Twenty-seven States require no education or training requirements for center-based staff.

It doesn't matter—we are talking about State-level regulation here—words on a piece of paper, potentially. It doesn't make a difference in what you see children experiencing in child care.

I am, I guess, fortunate at this point to be involved in a national study of child care staff, and I really reinforce the discussion here about the need to support the caregivers in this field—but I wasn't going to talk about that very much in my testimony.

This study is designed to look at those questions of the training and the caliber and the turnover rates among child care staff, how that affects the quality of care that children receive, and ultimately, how it affects children's development.

We are looking at centers in Atlanta, Detroit, Boston, Phoenix and Seattle. We deliberately selected those States to reflect this variation in quality standards. Atlanta, for example, allows infant ratios of seven-to-one; Massachusetts, where Boston is, has one-to-three ratios. In Atlanta, we are finding, for example, that it is almost impossible to find a center that even employs six caregivers. In Boston, it is hard to find a center that employs fewer than 10 caregivers. And that is not a factor of the size of the centers; they are the same size.

In Atlanta, we often see one caregiver per classroom. In Boston, you do not see fewer than two caregivers per classroom. When you are talking about one caregiver in a classroom with seven infants, and that caregiver has to leave the room momentarily, you are lucky if she can find another adult to spell her for a few minutes so that those infants are not left unattended. And we are seeing what I would call nightmares in child care in Atlanta.

Quality is not a luxury issue in child care to which the ready answer is, "Oh, we just can't afford it." It is an accountability issue, and what is at stake here is the well-being and the basic safety and health of young children.

There are also concerns that the Federal Government might be overstepping its bounds by regulating the health and safety in child care, and the polling data that you have presented in the poll by AFSCME shows, I think, resoundingly that 75 percent of the public feel that the Federal Government has been remiss by leaving regulations to the States. And that figure of 75 percent characterizes families of all socio-economic means, families with and without children, and families in all regions of the country.

I think it is important also to recognize that the approach to establishing Federal standards that is set forth in the ABC bill is both cautious and modest. We are not talking about any revolutionary attack on quality of care in the United States. They would have a bipartisan committee that establishes the standards; it is dealing with only a few provisions, and those provisions that have been identified by research as most important. There is a five-year phase-in period and grants to help States pay for improvements, and it is in the context of increased subsidies for parents.

Today, given irreversible demographic and economic changes, the issue of whether we need to provide child care has been answered by sheer necessity. Now that we have a majority of young children spending a significant proportion of their earliest years in child care, it is time that we use the available research and expertise to assure that this social institution protects the health and safety of young children.

Thank you.

Senator DODD. Thank you very much.

[The prepared statement of Dr. Phillips follows:]

Testimony before the

Senate Subcommittee on Children, Families, Drugs, and Alcoholism

Deborah A. Phillips, Ph.D.
Assistant Professor of Psychology
University of Virginia

"The Need for Minimum Health and Safety Standards in Child Care"

June 28, 1988

I am a developmental psychologist whose research over the last decade has focused on the question of quality in child care. I received my training at Yale University and am now at the University of Virginia. I was a Principal Investigator in one of the first studies to examine the range of quality in child care centers and to relate quality of care to children's development. I am now involved in the National Child Care Staffing Study with Dr. Carollee Howes at the University of California at Los Angeles and Marcy Whitebook, director of the Child Care Employee Project. This study is funded by five foundations in the New York City area, in which we are looking in-depth at questions of the training, calibre, and turnover rates of child care staff in regulated centers in Atlanta, Boston, Detroit, Phoenix, and Seattle.

Today, I would like to address three issues: (1) The fact that we can document the positive developmental effects of good quality child care and point to specific indicators of quality that make a difference to children, (2) The tremendous variation that characterizes state-level child care regulations and how this translates into the quality of care that children are receiving, and (3) Questions of cost and government responsibility around which the issue of federal child care standards appears to revolve.

Does quality of care affect child development and can we define it?

The capacity of any child care legislation to affect the quality of care that is delivered to families is crucially important for one reason: This can affect the environments that children are experiencing day in and day out, month in and month out, year in and year out during the most critical years of their development. I tell parents that when they are purchasing child care they are not simply purchasing a convenience that will enable them to go to work, they are purchasing a rearing environment for their children. The same message applies to policymakers who are affecting the context that shapes these environments for children.

The developmental significance of child care environments has stimulated 30 years of research on child care. The heritage of these years of study is a knowledge base that resoundingly documents the importance of the quality of children's child care environments. In my research, conducted in collaboration with Sandra Scarr and Kathleen McCartney, I examined each of the nine child care centers in Bermuda. They ranged from a very high quality government-run center to very poor quality centers. The research team on this project spent days in each center, rating the quality of care, interviewing the staff, and observing the children. We measured a total of 12 outcomes for children, including their social and emotional development, cognitive development, and language development. The overall quality of the centers significantly affected 9 of these 12 outcomes, including children's considerateness, sociability, task orientation, vocabulary, and verbal communication skill. The magnitude of the effects was not small. Better quality care was strongly and consistently associated with better outcomes for children.

This general conclusion has been replicated repeatedly in subsequent studies, and was also confirmed by the National Day Care Study -- a multi-million dollar study of child care costs and quality funded by the federal government in the late 1970's and virtually ignored since then at the federal level. The National Day Care Study identified three major ingredients of quality in child care, each of which affected children's test scores and social behavior. The first is group size. In classrooms with small groupings of children (e.g., less than 7 infants), caregivers engaged in more social interaction with children, children were more cooperative, innovative and involved in tasks, and children made greater gains on cognitive tests.

The second ingredient of quality is staff training, and here it is important to distinguish between overall years of education, which appears to be largely irrelevant, and specialized training in child development or early education, which is a highly potent predictor of how children fare in child care.

The third ingredient is the staff-child ratio, a factor that appears to be particularly significant for infants and toddlers. This fact was recognized by the Department of Health and Human Services in 1980 when they issued Federal Interagency Day Care Standards (FIDCR) requiring a 4:1 staff-to-child ratio in child care centers based on the National Day Care Study recommendations. It is particularly noteworthy that 80% of all child care centers in the country were estimated to be in compliance with the full complement of requirements contained in the 1980 FIDCR.

Other research, conducted since the National Day Care Study, has largely confirmed this triad of quality variables: group size, specialized staff training, and staff-child ratios. One notable exception is a study of child care in Sweden, conducted by Dr. Michael Lamb (now at the National Institute of Child Health and Development) and his colleagues, in which the quality of center-based care did not predict developmental outcomes. Dr. Lamb closes the report of this study with the remarkable statement that no association was expected given that all child care centers were of high quality. Without any variation in quality, it could not account for differences in children's development in child care.

More recently, research has identified an additional factor that predicts children's development and behavior in child care. Specifically, the stability of the child's caregiver appears to be important. Infants and toddlers differentiate between stable and unstable caregivers such that they are much less resistant to being transfered from their mothers to a stable caregiver and much more likely to smile and cuddle with stable caregivers after the mother leaves. These results take on added significance in light of the 42% turnover rates among child care workers in out-of-home institutions estimated by the Department of Labor. Other research has documented close to double the amount of positive interaction between children and stable, as compared to unstable, caregivers. Finally, Dr. Carollee Howes and her colleagues have found that infants and toddlers who had experienced stable child care (few changes over time) showed more advanced levels of play behavior and, in the long term, showed higher levels of achievement in first grade.

In sum, research has consistently revealed a strong association between the quality of child care that children receive and the social and cognitive development of children in child care. Moreover, both research and experience have produced a consensus among experts about the critical ingredients of good quality child care. Some have argued that the lack of federal child care standards arises out of the lack of agreement among experts about what to regulate. Nothing could be farther from the truth. An agreement was reached in 1980, it was reiterated in the quality guidelines issued by the National Association for the Education of Young Children in their Center Accreditation Project, and it was again affirmed in the drafting the ABC legislation. In fact, agreement about the value and ingredients of quality care is also seen in the Head Start and Smart Start legislation, respectively. I find it confusing, if not bizarre, that when Head Start or Smart Start are being discussed, the need for quality standards is assumed, whereas when child care under any other name is discussed we seem to forget that we are shaping environments for the same children, in many instances.

What is the status of child care quality in the states?

One reason for ignoring child care standards in federal regulation would be that the states are already doing an adequate job of regulating child care. This would make federal standards largely superfluous. Have the states incorporated the knowledge base about quality care in their child care regulations? Some have, some have not. I am presently involved in a review of state child care standards for the Department of Defense. Each of the four branches of the military has uniform child care standards for centers and family day care homes in all states, and the four sets of standards are also highly comparable. The Department of Defense is now interested in assessing where they stand relative to the States' standards.

Even a cursory review of state child care standards as of 1986 reveals tremendous variation from one state to the next in the provisions of their standards. For example, Georgia and North Carolina permit staff-child ratios of 7:1 for infants one year of age and younger. At the other end of the spectrum, Kansas, Massachusetts, and Maryland have ratios of 3:1 for infants.

This makes it very hard to paint an "average" picture, but there are a few summary statements that can be made with respect to the three quality ingredients identified above. With respect to group size, 28 state have no group size requirements for child care centers. An additional 6 states regulate group size for some age groups, but not others. With respect to ratios in center-based care, 29 states require staff-infant ratios of 1:4 for children age 1 year or younger. Ten states have staff-infant ratios of 1:6 or worse. For toddlers at two years of age, 21 states have ratios of 1:6 or better, but 11 states allow 1 adult to be responsible for 10 or more 2-year olds. For preschoolers, aged 3 and 4 years, states vary from the 17 that have ratios of 1:15 or worse to the 19 states that have ratios of 1:10 or better. Training requirements are among the weakest provisions of most states' standards. Twenty-eight states require neither prior experience in child care nor training in child development for family day care providers; 27 states have not education or training requirements for center-based staff; Neither pre-service nor on-going training are required of center-based staff in 7 states.

To give you a feel for how this affects families I want to describe a dilemma that a friend of mine faces. She is an early childhood educator, and so appreciates the value of finding good quality child care. She lives in Kansas City, Missouri where there are no training requirements for child care staff and where the state does not explicitly address the issue of parent visitation. Some centers actually require parents to make an appointment before they visit the center at times other than drop-off and pick-up. Finding these conditions unacceptable, my friend drives across town to Kansas City, Kansas, where she can find child care with open parent visitation and adequately trained staff.

We are also seeing the effects of wide state variation in quality in the National Child Care Staffing Study. This study has five objectives:

(1) To provide a contemporary profile of center-based child care workers and their working conditions.

(2) To examine the job commitment and stability of this workforce.

(3) To relate these facets of the adult work environment of child care to the overall quality of care that characterizes the program from a child development perspective.

(4) To relate staffing factors to developmental outcomes for children.

(5) To compare the training, calibre, and turnover rates of staff in five states that very widely in the requirements of their child care standards.

We are still collecting data on the 45 centers being studied in each of the 5 sites, so I cannot provide you with any findings at this point. However, the process of data collection has been revealing in its own right. The most striking comparisons are between Boston (Massachusetts has stringent child care standards with respect to ratios, group size and training) and Atlanta (Georgia has very low standards). We interview 6 child care staff in each participating center. In Atlanta, it has not been unusual for one or more staff to leave the center during the 1-week period between scheduling the staff interviews and visiting the center to conduct the interviews. This has never happened in Boston. In Phoenix, one center went through 26 staff in one year just to maintain their 6-person staff.

In Atlanta, it has also been harder to find centers that employ 6 classroom staff, even among those that enroll children from infancy through preschool. The required ratios are such that a center can enroll 7 infants, 20 toddlers, and 33 preschoolers (60 children) and hire 5 classroom staff to provide the care. In Boston, this would require a minimum of 10 classroom staff. In Atlanta, classrooms often have only one teacher, whereas in Boston this is unheard of. And the ramifications can be serious. In Atlanta, It is not unusual to find infant classrooms with 7 infants and one staff member.

This is permitted by licensing. But, when that staff member is sick or has to leave the room momentarily, supervision is relaxed to the point where clear risks are involved. There is simply no maneuvering room. In fact, one of the coping strategies that we have seen is to assign one staff member to two rooms as a second teacher.

Another troubling pattern that we have seen in Atlanta is what I now call "accordion staffing". To reduce staffing costs, programs add staff in the mornings as children arrive and reduce staff in the evenings as children leave. This is an efficient business practice and a means of never exceeding the staff-child ratios required by licensing. But what it means for children is multiple changes in caregivers, peers, and classrooms during the course of a single day. In one center, I counted six possible changes per day for children (some of whom were infants) who are enrolled between 7:30 am and 6:30 pm in a very expensive, suburban center. If we value continuity of care for children, this is a very disturbing practice. And it may explain why twice now in Atlanta children have apprcached our research staff and asked if they were new teachers, whereas this has not happened in any other study site.

Although these are not systematic data, they are enough to convince that 9 primary investigators on this project that the level of state child care standards can make a profound difference in the daily experiences of children in child care. Infants who share a caregiver with six other infants are simply not picked up as often as are infants who share a caregiver with two other infants; Toddlers who share a caregiver with 9 other toddlers simply don't receive the one-on-one conversations that promote cognitive and language development that toddlers who share a caregiver with 3 other toddlers receive. State regulations also make a difference in the stresses that child care staff are subjected to and so may indirectly play a role in the tremendously high staff turnover rates that characterize child care. We will be able to tell us this definitely in a few months.

Finally, one recent study has reported differences in how children fare in unregulated versus regulated child care. Drs. Goelman and Pence have studied regulated centers, regulated family day care homes, and unregulated family day care homes in Canada. Their findings show that children who are enrolled in regulated family day care homes and regulated centers do not look different, whereas children who are enrolled in unregulated family day care homes are significantly less advanced in their language development that are the children in either regulated homes or centers. The major difference in the quality of care delivered by these arrangements is the lack of specialized training that characterizes the unregulated caregivers, and its translation into much less appropriate and stimulating interactions with the children in their care. Both investigators have visited child care programs in the U.S. and are struck by the similarities in the arrangements compared to Canadian child care.

Whose responsibility? How to pay for it?

The higher costs of care associated with improved quality have long provided fuel for the counter arguments of those who oppose child care regulation. The available research and my more recent insights into the quality of care that is being offered in our nation's child care centers have made it abundantly evident that quality is not a luxury issue in child care to which the answer is "we can't afford that". The longitudinal research on early childhood programs has revealed the cost-effectiveness of investments in high quality care. The slogan "pay now or pay later" seems to apply to the early care of children. What we don't know concerns the costs to children and their families of allowing the very low floor of quality that is permitted in a sizable minority of states.

Some argue that raising national standards of care will force currently regulated programs out of business. But, we have just witnessed a national experiment -- albeit unplanned -- in which the insurance industry suddenly increased the costs of providing child care to all providers whether profit or nonprofit centers and whether a center or a family day care home. Center-based arrangements experienced insurance rate hikes as high as 300% and family day care homes typically saw their rates increase by a factor of 4. And the added costs of insurance were compounded by requirements imposed by the insurance industry, such as staff-child ratios, that necessitated increased costs for quality improvements. Did the nation experience a sudden loss of arrangements. Not at all. In fact, between 1982 and 1985 (the insurance crisis hit the child care field in 1983) reliance on center-based care grew from 8% to 19% of all families using child care for children under 1 year of age.

Others have argued that parents really don't want to pay the added costs of regulated child care; that the move for federal standards is propelled primarily by child care advocates. Data that illustrate the distribution of families across types of child care suggest a different conclusion. Two findings are important. First, families at different income levels use different types of care. Close to half of all mothers with incomes below $15,000 use relatives as child care providers, whereas less than one-third of mothers with incomes at or above $25,000 rely on relatives. Conversely, about 25% of mothers with family incomes below $15,000 use family day care homes, whereas 37% of mothers with moderate or higher incomes use family day care homes. Unfortunately, these figures cannot be derived for reliance on regulated versus unregulated arrangements, although center-based care, the vast majority of which is regulated, also shows a disparity with 18% of low-income and over 22% of middle- and upper-income families using centers for child care. Moreover, the for-profit chains that are assuming a growing percentage of all center-based child care readily acknowledge that they do not provide care for low-income families. Not surprisingly, these patterns correspond closely to the costs of various child care arrangements. In 1985, close to half of all care provided by a relative was arranged with no payment of any kind, compared to less than 3% of all family day care arrangements. Center-based child care is the most expensive form of care, except in some urban areas where it is on a par with family day care homes. Additionally, the child development literature on child care quality has repeated documented strong associations between family income and quality of care in studies of both family day care homes and child care centers. Families with fewer resources are disproportionately represented in lower quality care. These patterns raise very serious equity issues regarding access to regulated child care.

The second finding concerns indications of parent expenditures on and preferences for child care. Dr. Sandra Hofferth has previously testified that families living in poverty pay, on average, 23% of their income on child care compared to 9% for non-poor families with a youngest child under age 5. AFDC recipients pay 19% of their income on child care compared to 10% for non-AFDC recipients, and single mothers pay 17% of their family income versus 9% of married mothers. It appears that low-income families are stretching their budgets to the limit to pay for child care. This does not suggest a lack of concern for the quality of the care on which they are relying. Moreover, in the late 1970's, a couple of major studies asked parents about their child care preferences. On average, about 25% of parents indicated that they would change arrangements if they could, and the majority of preferred changes involved moving into center-based child care.

Finally, a recent poll conducted under the joint sponsorship of the American Federation of State, County and Municipal Employees and the Children's Defense Fund revealed the high degree of public concern about the lack of federal standards for child care. 75% of respondents felt that the federal government should establish minimal standards of health and safety for child care facilities rather than leave this responsibility to state discretion. Subgroup analyses revealed that the lowest rate of agreement with this opinion was 64% (about two-thirds) among 50 to 64-year olds and among Republicans. Families of all socio-economic means, with and without children, in all regions of the country strongly endorsed the need for federal health and safety standards for child care. This does not indicate a strong concern about government intrusion; rather, it suggests that the public feels that the federal government is shortchanging an important responsibility.

Conclusion

Quality of child care makes a tangible difference in how children fare in child care. Key ingredients of quality care can be identified and a consensus can be reached about minimum standards. State regulations vary widely around acceptable standards of quality, and we are seeing how this variation affects the daily experiences of children in child care. Yes, federal standards may increase the cost of child care in states that presently have very lax standards, but we have just seen the child care market absorb higher costs associated with the insurance crisis which was prompted, in part, by the lack of careful regulation of the child care field. And, the general public appears to believe that federal regulation of child care is an important responsibility.

In the United States, the following commodities and services are regulated by the federal government: Meat, highway speed limits, nursing homes that receive Medicare funds, air quality, airline safety, and most financial institutions. Why does the regulation of child care signal federal intrusion when none of these other forms of regulation provokes objection?

The Act for Better Child Care has adopted a very cautious approach to federal child care standards. First, a national committee will establish the actual provisions of the regulations. Second, the provisions for which federal standards will be established are small in number and address the basic elements of quality revealed by research as well as basic health and safety features. Third, any requirements will be phased in over a five-year period. This effort will not standardize child care all over the country. All it will accomplish is to hold child care centers and family day care homes to a uniform floor of quality below which the health, safety, and development of children are likely to be jeopardized. This is really quite a modest goal, but one that could make an appreciable difference in the average quality of care that many children now receive.

Senator **Dodd**. I probably should have done this before—and I don't know how many of you can see these numbers up here; I can see them fairly well with my glasses, but without them I can't see a thing—but this tries to pick up at least on some of the variability of State child care standards. We have used the examples of Connecticut and Georgia, and staff-child ratio first, third, and fifth years, and then group size, which are two of the major issues. We don't have training and parental involvement here, but that is a little difficult to graph out. But certainly, you can graph out the ratios.

Then, the argument being that, well, you guys in New England and so forth, this is a North-South thing—but you drop down quickly, and you see Alabama and Georgia, where one, I presume, might be somewhat surprised. What you see in Alabama is, of course, very good or pretty good ratios on the issues of staff-child and group size. Whereas you see in group size, there are no regulations whatsoever in Georgia. Then, of course, you see in Washington and Idaho—again, two States near each other—the assumption being regionally this must be important, and yet you see tremendous disparity there as well.

But I would encourage those who are here in the hearing room this morning to read carefully the testimony of Dr. Phillips and also Sandy Gellert, with all due respect to others as well—I want you to ready everybody's testimony—but where you get down into some of the details and numbers there that I think are extremely important in debunking the notion somehow that the standards issue is being worked out and that there are only a handful of States left that are not doing it. It is really not. We are dealing with well over the majority of the States in this country that are not in this area at all, and if there was clear, unequivocal movement in that direction today, then we might be suggesting that we don't try to complicate legislation, but there is no indication that is happening in the short term.

Thank you for your testimony.

Ms. Michaels.

Ms. **Michaels**. Senator Dodd, I'd like to thank you for inviting me to share my experience with child care. My husband and I, like an increasing number of parents, both work. We both work because we want a better lifestyle for our children than one income would allow us to provide for them. But because of the high cost and spotty quality of child care available to us, I am afraid that we may have hurt our boys, Christopher and Nicholas.

At the recommendation of a lifelong friend, we placed our boys in a family day care home. Chris was two years old at the time, and Nick was thirteen months. We knew that the provider was licensed by the State of Michigan. At the time, we did not know she was on probation for a health code violation. The State took this action against her because she had refilled a dirty bottle with milk and sent the child home.

During the 54 days of which my children attended 34 actual days in enrollment in this home, we noticed other serious problems with this provider. The boys were allowed to watch TV constantly in her home; all the children, including the infants, slept on the floor; the food she served the boys was below the standards that I maintain in my household; and in addition, she allowed other children to toilet my older son, Chris, and she failed to change my younger son's diapers enough, causing a severe diaper rash.

We took both of our boys out of her home the day the provider hit Nick when she was trying to feed him.

Chris is a very sensitive boy, and we noticed dramatic and negative changes in his behavior. He became withdrawn, less playful and more tentative during his time with this provider. I contacted the State of Michigan about my concerns and the rules and regulations that the State had.

The State only inspects the providers' homes when they get their licenses, and that is only once. After the initial inspection, the State will only go out to a home if a complaint has been filed, as manpower if very low.

Chris went through therapy to help him cope with his experience from his first day care. We placed him in another wonderful family day care home with a provider that I liked and trusted. Unfortunately, she could not deal with Chris' emotions, and I had to make other arrangements.

After a long wait, I found a room for him in a day care center that we are all very happy with. It is expensive. Currently, I cannot afford to put my younger son there, too, so he stays at home with his grandfather. We are very lucky to have his grandfather around, and I realize that many families don't have relatives to turn to. Without him, I would have to quit my job. However, we won't be able to rely on my father forever, and will soon have to find a way to put both boys in the center.

Our experience has led us to several conclusions that I would like to share with the Committee.

While child care standards are absolutely essential, they are of no use without strict enforcement efforts. Michigan does not have the resources it needs to help us protect our children. Our understanding is that the ABC would provide resources to help the State of Michigan improve the protection for our children and the other children in the State.

Cost is a very important issue. We will have to stretch our family's budget if we hope to get Nick into Chris' center. Eventually, we will be able to afford that stretch, but so many other families whose incomes are lower than ours cannot afford to stretch.

It is also my understanding that ABC would help more families meet the high cost of care and give more children access to the kind of program Chris is in now.

More and more mothers are in the labor force. More and more children need good and safe care. The Federal Government needs to recognize this and to start to help working families help their children. The ABC bill is a good first step.

Senator Dodd. Thank you very, very much for that testimony. It was very helpful, and I'll come back with some questions for you in a minute—you did fine.

Mr. Hall, we thank you for being here today.

I mentioned earlier, and I presume you are going to get to them, but again I invite those in the audience to look particularly at page 5 of your testimony, which I want to highlight—the surveys of 88 firms that are in this area and their reaction to child care, which I think is particularly significant.

We thank you for being here this morning and are glad to hear your testimony.

Mr. HALL. Good afternoon. I appreciate the opportunity to be here. I especially appreciate your invitation to paraphrase, and I would like to do that.

Just a bit on background. Corporate Realty International, which is my company, is small, privately-held, but our clients are the biggest and, by a lot of measurements, most respected corporations in the world, and it is that background that has put me in a position repeatedly of having to separate rhetoric from financial reality, which is what I want to try to do with some of the things regarding child care for your today.

There are three major points I'd like to develop, the first of which is the involvement of corporate American in child care and most importantly, the underlying economic motivation for their involvement; second of all, the necessity for Federal funding and regulation in child care; and finally, a topic that I don't think we have heard much about, which is the fiduciary obligation of child care proponents to taxpayers.

In terms of the involvement of corporate America in child care, I learned something the hard way. I spent two years of my life putting together a drug-free business initiative for my home city of Houston. And as chairman of that organization, I have been and continue to be personally responsible for dealing with the chairmen, chief executive officers and presidents of the major employers in Houston.

Currently, our Executive Committee consists of Shell Oil, Tenneco, Enron, Continental Airlines, Browning-Ferris and 15 other employers with 5,000 or more employees. We educated those people about the human cost and the cost to their organizations of illegal drug use.

We picked up the Department of Justice through the U.S. Attorney's Office, and the DEA, as partners, and we have been very effective in sending out a message in Houston, which is: "You may use illegal drugs, but you are not going to work in Houston."

Now, I didn't come to talk about drugs, but I think we learned something that is going to be very valuable for those of you who are considering the Act for Better Child Care. The first thing that we learned was that if we were going to be successful, we had to present our arguments in respect to the corporate bottom line. The executives of our group are constantly bombarded with requests for assistance, as I assume that you and the other members of Congress are constantly bombarded for assistance, for all kinds of worthwhile programs—the arts, hungry people, illiteracy, AIDS victims. There are any number of things that you can put money into. And most of the people presenting to the corporate chiefs in Houston, Texas argued that it was the right thing to do.

We took a completely different tack, and that was that it was an economically prudent thing to do for the corporation. And it is exactly that theme that I want to develop for you in regard to the child care issue as the Federal Government.

In regard to the corporate child care issue, let's first look at who the leaders are in doing something about child care in corporate America: IBM, American Express, Merck—who was recently named the most respected corporate management in the United States—Merrill Lynch, Xerox, NCR, McDonald's. It is a long list. And it could be said that these organizations have tackled the child care dilemma for altruistic reasons, but it would be said by someone who hasn't been kicked around as many corporate board rooms as I have.

My submission is that they assist in child care because that assistance in child care results in reduced costs in excess of their financial contribution.

In fact, as Mr. Harry Freeman of American Express emphasized in his March testimony, "provision of proper care for young children is a matter of supreme"—and he underlined—"bottom line importance to us today." He continued to explain that he was not aware of any management expert that recommended a fretful, distracted state of mind that comes with an unresolved child care situation as an aid to professional development and greater productivity.

And to complete my argument on motivation—and in the interest of time, I'll shorten it—I was looking for one, single quote that would paraphrase what I felt about corporate motivation. In the Wall Street Journal on February 12, 1987, they did a feature article on a company in Roanoke, Virginia that had established an onsite day care facility. And when they interviewed Mr. Warren Dalhouse, who is President of that company, Dominion Bankshares, the reporter commented on how cute it was for him to have lunch with the toddlers at their onsite center and discuss such important issues as the repair of a stuffed elephant's ear. His reply was, and I quote: "There are no altruistic motivations. We do everything we do with the objective of profit."

Senator DODD. Why don't you repeat that. We're having an awful time hearing you; I am sorry. I couldn't pick up the last sentence.

Mr. HALL. "There are no altruistic motivations. We do everything we do with the objective of profit."

I don't think it could be expressed more succinctly or eloquently, and I submit to you that corporations on the leading edge of meaningful child care assistance to their employees were simply the first ones to understand the 1981 U.S. Department of Labor study that indicated the following results of a survey of 58 employers providing child care assistance—and this is your reference to page 5, Senator Dodd—the percentages that I read are the percentages of those who responded affirmatively. Increased ability to attract new employees, 88 percent; lowered absenteeism, 72 percent; improved attitude toward employer, 65 percent; favorable publicity to employer, 60 percent; lowered job turnover, 57 percent; improved attitude toward work, 55 percent; and improved community relations, 36 percent.

I think that the test of any study is its ability to be replicated. This particular study has been replicated twice now, in 1983 and in 1984.

In my business, real estate developers are also catching on to the positive impact of child care on their activities. They may have been listening to me when I said in the June 3, 1988 Wall Street Journal that you don't have to be a rocket scientist to figure out that with two-thirds of the new entrants to the work force being women in the childbearing years, there is a grand opportunity.

The best and the brightest of the national real estate development community are already in the game. Among those, I would name the Trammel Crow Company; Friendswood Development, which is a subsidiary of Exxon; Ameribass Realty; and several other national developers known for their ability to establish standards for their competitors have already put child care facilities in as part of their project development.

In summary of this point, I didn't come here to present American corporations as heartless empires bent only on profit, and I don't think anything could be further from the truth. My primary point is that the best managers of our most respected companies have come to realize that addressing the needs of children enhances the return to their shareholders.

It has also not been my intent to paint the picture that corporate America is riding in on a white horse to save us from the child care dilemma that all the other people here and in previous testimony have talked about. Currently, only 3,000 of our 6 million employers provide some sort of child care assistance. And it has been said that one percent of companies want to be the first with a good idea, and 99 percent want to be second. It is my hope and my intent to help in spreading the news to the other 99 percent that IBM, American Express and the other innovators have already paved the way for them. And I would purposely include the Federal Government as a member of that 99 percent.

The second point, the necessity for Federal funding and regulation in child care. Even if myself and others are successful in educating corporate America about the positive financial impact of child care assistance, it will touch only a few of the children that need assistance. It is the low-and medium-income families that need help and that brings me to urge your support for the Act for Better Child Care.

There are numerous good economic reasons for us to spend $2.5 billion per year on the project. The most concise argument discovered in our literature review was in the December 14, 1987 edition of Business Week. Professor Alan S. Blinder of Princeton said that "too many disadvantaged children enter the public school system inadequately equipped to learn." I am not going to read the whole quote, but his point is that children start out without the benefit of good child care, good nurturing, and it affects them for the rest of their lives.

The estimate in the rest of his article was that for every dollar that has been dropped into programs to prepare children, to give them good child care, is returned $4.75. You don't have to be a genius to see that that's a good return.

Then, in terms of international competition, something that is very greatly concerning myself and other people in my business, we seem to consistently find ourselves at a disadvantage to the Japanese. The emphasis on education and child care in Japan has provided them with a virtually 100 percent literacy rate. Without dealing with the problem, I think we are going to fall farther and farther behind.

Finally, in 1986, we spent $264 billion on education for children age five and older, and we spent $1 billion for children five years and younger. That number is way out of whack.

It is with this argument from the Committee for Economic Development that I want to draw the delineation between custodial care and child care. Quality child care is, as you no doubt have been repeatedly told, nurturing, positive, and instills a love of learning and a hopeful attitude about the world. The horror stories that we just heard some more of, surrounding our current options, are indicative of a trend that in my opinion will set us up for an economically catastrophic competitive disadvantage.

The current disregard we have as a nation for underprivileged children will come back to haunt us in the form of an indifferent, poorly-motivated work force.

I don't want to repeat the arguments of the other people testifying about the atrocious condition currently of our national system, but would simply conclude that if $2.5 billion is the magic number for turning around a national disgrace that will ultimately erode our position as a proud competitor in international commerce, that is a small number.

Then, finally, in regard to national standards, let me simply share with you the experience of a layman attempting to understand the argument.

I have spent a lot of my personal time and money travelling around to talk to people that really understand this issue, among those Dr. Brazelton of Harvard, Dana Friedman of The Conference Board in New York City. And with only a fundamental understanding of the standards and the ratios that you are setting up, the analogy that I would give you from a business I do understand is that if you don't have standards in this bill, if we don't have national standards for child care, it is going to be like building a building without any architectural plans—you may spend a lot of money, but you're not going to like what you get very much.

And then the third point, which may not be as popular with the proponents as the other two, is the fiduciary obligation of child care proponents to taxpayers.

In my written testimony, I mentioned that there are only three candidates to whom I contribute the maximum amount of money allowed under Federal law. In my personal notes, I underlined a word. "All of these three gentlemen are"—and I underlined—*vehemently opposed* to the Act for Better Child Care." I would only say that I support those people because they are usually right and not always right, and in this case, they are not looking at this as a return on investment scenario, and that's exactly what it is. The money put into the Act for Better Child Care is going to come back to us in a greatly magnified amount. I was hoping Senator Hatch would be here, but that is the argument I would make to him.

Then finally, beyond all the talk about money, there are some other reasons that I wanted to be here—and I got up at 3:30 this morning to get here, so I'd like to throw in one piece of opinion.

I think the underlying issue here is that what is going on in this country is not fair. The opportunities that I had led me out of a nonprivileged background to the point where my kids have the best child care possible. They have parents with flexible work schedules; they've got everything that money can buy. And it's just not fair that the other kids don't have the opportunity to be treated right.

If we lose that element of fairness in this country, I think that we are in a great deal of trouble.

And finally, I'll read what I wrote: "The kids are too important. The return on investment is too attractive. The alternatives are too frightening. Please spend the money."

Thank you.

[The prepared statement of Mr. Hall follows:]

ECONOMIC MOTIVATION AND CHILD CARE

Testimony of

Roger D. Hall
President
Corporate Realty International

to the

Senate Committee on Labor & Human Resources
Subcommittee on Children, Family, Drugs & Alcoholism

Christopher Dodd, Chairman

June 28, 1988

Greeting

Good morning, ladies and gentlemen. My name is Roger Hall, and I am the President of Corporate Realty International. Corporate Realty is a small, privately held service company, but it has been our good fortune to work closely with the top management of some of the world's largest and most respected corporations. It is my hope to present to you a view of child care through the eyes of a businessman who is constantly responsible for the separation of rhetoric from financial reality.

Introduction

There are three topics that I would like to discuss with you:

1. The involvement of corporate America in child care, and the underlying economic motivation for that involvement;

2. The necessity for federal funding and regulation in child care; and

3. The fiduciary obligation of child care proponents to taxpayers.

1. The involvement of corporate America in child care, and the underlying economic motivation for that involvement;

I spent two years of my life creating a Drug-Free Business Initiative for my home city of Houston. As Chairman of that organization, it has been, and continues to be, my responsibility to personally meet with, and enlist the support of, the Chairmen, Chief Executive Officers, and Presidents of Houston's largest corporations. Our executive committee alone has now expanded to include the top executives of Shell Oil, Tenneco, Enron, Continental Airlines, Browning-Ferris Industries, and fifteen other employers with 5,000 or more employees. We have educated the leaders of our membership about the economic and human costs to their organizations, and have forged a weapon for use against the demand side of the drug epidemic. The Department of Justice, through the U.S. Attorney's office and the Drug Enforcement Administration, have joined our team, and we are sending a clear message: "You may use illegal drugs, but you are not going to work for us."

I did not come to speak to you about the drug problem, but there are some things that we learned in forming the Drug-Free Business Initiative that, in my opinion, may be valuable to those of you considering the Act for Better Child Care.

The first important lesson was that, if we were to be successful, we had to present our arguments in respect to the corporate bottom line. The executives of our group are constantly bombarded with requests for assistance (as I assume the Congress is bombarded) for all manner of worthwhile programs, i.e., the arts, the hungry, the illiterate, AIDS victims, and a mind-boggling array of other worthwhile projects. Most of the presenters argued that helping was the right thing to do. We took a completely different tact, with respect to drugs in the workplace, and it is the same theme that brings me to Washington today---dealing with the drug problem as an employer was the only economically prudent thing that you could do in Houston; and dealing with the child care issue is the only economically prudent thing that American business and the federal government can do. Fortunately, the return on investment on both issues is incredibly positive.

In regard to the corporate child care issue, let us first review who the leaders are: the cutting edge of American business that support their own workers in child care: IBM, American Express, Merck, Merrill Lynch, Xerox, NCR, McDonald's.. the list goes on. It could be said that these organizations have tackled the child care dilemma for altruistic reasons, but it would be said by someone who has not been ripped apart in board rooms as many times as I have. My submission is that they assist in child care because that assistance in child care results in reduced costs in excess of their financial contribution.

As Mr. Harry L. Freeman of American Express emphasized in his March 15, 1988, testimony before the Senate Subcommittee on Children, Family, Drugs and Alcoholism: "...provision of proper care for young children is a matter of supreme bottom-line importance to us today." Mr. Freeman continued to eloquently explain that he was not aware of any management expert that recommends the fretful, distracted state of mind that comes with an unresolved child care situation as an aid to professional development and greater productivity. To complete my argument on motivation, I would share with you a direct quote from the February 12, 1987, Wall Street Journal article discovered in preparation for this testimony. In an interview with Mr. Warren Dalhouse, President of Dominion Bankshares Corporation, in Roanoke, Virginia, the reporter was visiting Dominion's on-site child care center and had commented on how cute it was for him to have lunch with the toddlers and discuss such important issues as the repair of a stuffed elephant's ear. Mr. Dalhouse's reply was:

> "There are no altruistic motivations. We do everything we do with the objective of profit."

It could not have been expressed more succinctly or eloquently, and I submit to you that the corporations on the leading edge of meaningful child care assistance to their employees were the first ones to understand the 1981 U.S. Department of Labor study that indicated the following results of a survey of 58 employers providing child care assistance:

Percentage of Programs Responding Affirmatively:	
88%	Increased ability to attract new employees
72%	Lowered absenteeism
65%	Improved attitude toward employer
60%	Favorable publicity to employer
57%	Lowered job turnover
55%	Improved attitude toward work
36%	Improved community relations

This study by Perry was replicated with equally dramatic results by Magid (1983) and Burud et. al. (1984).

Real estate developers are also catching on to the positive impact of child care on their activities. They may have been listening when I said in the June 3, 1988, Wall Street Journal article that "you don't have to be a rocket scientist to figure that with two thirds of the new entrants to the workforce being women in the childbearing years, there is a grand opportunity." The best and the brightest of the national real estate development community are realizing that first class on-site child care will be the development amenity of the 1990's. Already developing on-site facilities are the Trammel Crow Company, Friendswood Development Company (an Exxon subsidiary), Ameribass Realty, and other major national developers known for their ability to establish standards for their competitors.

In summary of this point, it has not been my intention to present American corporations as heartless empires bent only on profit. Nothing could be further from the truth. However, the best managers never lose sight of their obligation to shareholders. My primary point is that the best managers of our most respected companies have come to realize that addressing the needs of children enhances the return to their shareholders.

It has also not been my intent to paint the picture that corporate America is riding in on a white horse to save us from the child care dilemma that has been so poignantly expressed by the others from whom you have heard testimony. That is far from the truth. Currently, only 3000 of our six million employers provide some sort of child care assistance. It has been said that one percent of companies want to be the first with a good idea, and ninety-nine percent want to be the second. I only hope that the 99% not tending to child care are paying attention to IBM, American Express and our other innovators. I purposely include the federal government as a member of that 99%.

2. The necessity for federal funding and regulation in child care.

Even if myself and others are successful in educating the rest of corporate America about the positive financial impact of child care assistance, it will touch only a few of the children that need assistance. It is the low and medium-income families that need help and that brings me to urge your support for Senator Dodd's Act for Better Child Care. There are numerous good economic reasons for us to spend $2.5 billion per year on this project. The most concise argument discovered in our literature review was in the December 14,1987, issue of Business Week. Professor Alan S. Blinder of Princeton expressed the bottom line in this way:

"..too many disadvantaged children enter the public school system inadequately equipped to learn. Many become poor students, discipline problems, and eventual dropouts - hurting both themselves and the school system. Yet less than one-half of one percent of our national spending on education goes to children under the age of six."

He goes on in the article to report that:

"It has been estimated that each dollar spent on quality preschool education saves $4.75 in subsequent spending on special education, public assistance, and crime..all the four-year-olds at risk in this country could be provided with quality preschooling at an annual cost of about $3 billion. I call that compassion on the cheap."

Another compelling argument is presented in Children in Need: Investment Strategies for the Educationally Disadvantaged, compiled by a dazzling array of American business talent calling themselves the Committee for Economic Development. In developing my argument for federal attention and funding, I would share with you their observation on our treatment of children as compared to Japan's:

"Quality education is not an expense; it is an investment in the future of our nation. The economic miracle of Japan is no accident. The extraordinary value the Japanese place on education has succeeded in producing a population that is almost 100 percent literate and outscores all other nations on almost every test of academic achievement. It is inconceivable that the United States, with its vast resources, cannot educate its citizens as well as, or better, than Japan. Failure to educate is the true expense for both society and individuals."

"In 1986, the nation spent $264 billion on education for children age six and older, while it spent only $1 billion for educating children five years old and younger."

It is with this argument from the Committee for Economic Development that I want to draw the delineation between custodial care and child care. Quality child are, as you have no doubt repeatedly been told, is nurturing, positive, and instills a love of learning and a hopeful attitude about the world. The horror stories surrounding our current options are indicative of a trend that, in my opinion, will set us up for an economically catastrophic competitive disadvantage. The current disregard we have as a nation for our underprivileged children will come back to haunt us in the form of an indifferent, poorly motivated workforce. That is an unacceptable situation.

I do not want to repeat the arguments of others testifying regarding the atrocious condition of our national system of child care, but would simply conclude my argument on funding that if $2.5 billion per year is the magic number for turning around a national disgrace that will ultimately erode our position as a proud competitor in international commerce, it is a small cost.

Finally, in regard to national standards, let me simply share with you the experience of a layman attempting to understand the argument.

At personal expense, I have met with Dr. T. Berry Brazelton of Harvard; Dana Friedman of The Conference Board; and all of the fascinating experts that presented their arguments for standards at the Child Care Action Campaign conference in New York City, March 17th and 18th this year. In my opinion, the arguments for standards regarding caregivers/child ratios, educational requirements for caregivers, safety requirements, and the other issues must be heeded by those of you making the decision on ABC. The little lives that will be effected by your ultimate decision are too important to be left to haphazard, inconsistent programs. To use an analogy from a business that I understand far better than child care, attempting to turn the child care crisis around without national standards would be like building a building without any architectural plans. You may spend a lot of money, but you won't be very happy about what you get.

3. The fiduciary obligation of child care proponents to taxpayers.

Having never testified before, I am not sure that pure personal opinion is admissible in these proceedings. If not, please feel free to cut me off.

The fiduciary obligation to which I allude is only an opinion. As a basis of reference, however, let me tell you that there are only three candidates to whom I contribute the maximum amount of money allowed under federal law. All of these three gentlemen are vehemently opposed to the Act for Better Child Care. They would agree with Senator Hatch's assessment in the May, 1988, edition of Nation's Business that Senator Dodd's bill would spend "a horrendous amount of money" on existing child care facilities without adding to the supply. This would occur at a time when my friends are attempting to get us to realize that we, as a nation, cannot continue to throw substantially more money at hot issues than we can cover with our national income. My reply to them, as well as to Senator Hatch, is that they are looking at this issue as a cost rather than as an investment for which there is substantial proof of a dramatic positive return. That is why the best and brightest companies are funding child care assistance, and that is why we, as a nation, should fund child care assistance. The cost of not coming to grips with the fact that we changed as a society is too great to spend time debating the initial appropriations.

However, I strongly feel that there is an obligation that comes with the money for child care. We need to do a much better job of assessing the financial return than has ever been done before.

> The data on return that we were able to find is an absolute disgrace. There is no reason to fear the findings of a long-term study aimed at assessing the economic impact of the money you ultimately appropriate. There is ample evidence that the outcome will be one of the great success stories for federal intervention. But it is a story that needs to be tracked, measured, and evaluated in a professional manner.

Thank you very much for the opportunity to appear before you. Beyond all the talk about money, there is another reason why I wanted very much to be here. The inherent fairness of this country of ours allowed me to leave a non-privileged background and reach a level of economic security that protects my two children from all the terrible things that we have heard or read in the testimonies surrounding the pending legislation. Most kids in this country don't have what mine have - parents with flexible schedules to minimize their time in child care; the best care available; and all the exposure in the world to things that enhance their ability to understand and enjoy this small planet.

The basic issue then is that it is not fair for all the other kids not to have first class child care. If we lose the element of fairness, we are in a lot of trouble.

The kids are too important. The return on investment is too attractive. The alternatives are too frightening. Please spend the money. Thank you.

Senator Dodd. Ms. Gellert—try and speak into the microphone, too. I am barely hearing, and I don't think anyone else in the back is.

Ms. Gellert. Well, I have to say, Senator Dodd, I am usually accused of being able to be heard without a microphone.

Distinguished Senator, panel members, ladies and gentlemen, I welcome the opportunity to represent the National Association for Family Day Care and to share with you why family day care providers need and want uniform health and safety standards and why the National Association for Family Day Care supports the ABC Bill.

Family Day Care providers are the oldest form of child care in the world. However, they have been the stepchild of the child care profession. They have been and still are striving for recognition and acceptability. Defining standards is an important part of this process. Family day care providers are not babysitters, but frequently are still looked on that way.

The words "quality child care" are thrown around every day—the need for quality child care; that parents want quality child care and deserve it; that for the protection of children, we must have quality child care. Yet, without uniform standards, we cannot begin to define what quality child care in this country is.

The 1987 Family Day Care Licensing Study done by the Children's Foundation clearly indicates that there is no uniform way in which States regulate family day care and no clear definition of standards. Some States still have no regulation at all.

The National Association for Family Day Care organized in 1982, in part for just this very reason. Providers across the Nation were overwhelmed and astonished by the variations of regulation for family day care. Unfortunately, in 1988 these variations still exist from State to State.

The providers needed an opportunity to network and dialogue with one another on issues that affected the family day care profession. What was defined as family day care in one State was quite different from family day care in another. What the minimum standards for health and safety were varied from State to State, and in some cases, there weren't any. Family day care providers found that these variations caused problems and confusion to parents, legislators, early childhood educators, zoning board officials and insurance companies.

Regulatory standards are the minimal effort to define what is a healthy and safe environment for children in a day care setting. Regulatory standards set forth the public definition of acceptability. The problem that now exists is that there is no public definition.

According to the Licensing Study, there are approximately 200,000 regulated family day care providers in this country, which represents a 22.5 percent increase from the 1983–84 study. Even as fragmented as our regulatory standards are now, the increase in regulated family day care providers show that they want to have regulatory standards.

Another area where this is evident is in the area of the Child Care Food Program. Since providers must be regulated to participate in the Food Program, and since the number of family day care providers participating has increased steadily in recent years, we again can see that family day care providers really do value and want to be regulated and have minimum standards.

Although in different States this regulation takes on different forms—licensing, registration, certification—the basic need for setting minimum health and safety standards is still present. Unfortunately, some States still have no regulations or standards, even now, and have no effective monitoring system to determine if standards are being met at all.

In essence, the States have not done their job in setting minimum health and safety standards for family day care and determining if they are being carried out and if the children are in fact being protected.

The Act for Better Child Care as it relates to family day care would set standards in four areas: total number of children in a family day care home; maximum number of infants in that home; the caregiver's age; and health and safety. All of these are health and safety issues.

Uniform standards represent consumer protection. What about the children in our country? I am sure we would all agree that they are our most important commodity. We spend money to regulate crop rotation for the farmers because it is in the best interest of the future of the Nation. We protect consumers by regulating airplane safety because it is in the best interest of the people. Yet we don't regulate even minimally at the national level the day care of our children, who are both consumers and the future leaders of our country.

Regulating minimum health and safety standards for day care is just as important as regulating our health and safety through determining food and drugs we can buy. Children have no ability to protect themselves in day care. They have no voice of their own. It is our responsibility to speak for them.

The National Association for Family Day Care represents individuals who care for the largest number of America's children on a day-to-day basis. And 85 to 90 percent of all the infants in day care are in a family day care setting.

Defining uniform standards in those four areas is essential to protect our children and to help assure the children's rights to minimal acceptable levels of day care. Family day care providers clearly want that, because they have no clearcut standards to make the family day care profession more acceptable and recognized.

The National Association for Family Day Care knows how important defining standards is to providers because since its organization, its members and other family day care advocates have been striving toward a Family Day Care Code of Excellence.

In 1988, NAFDC published the Code of Excellence and launched a Family Day Care Accreditation which will strive to define the upper limits of quality in family day care. Family day care providers themselves want to determine their level of quality. Parents want to know. NAFDC, through its accreditation, is only providing an elective professional goal for family day care providers in the industry—the level of excellence.

The Act for Better Child Care wants to define and establish the minimum standard of acceptability for health and safety. Both are essential.

Uniform standards can provide concrete, specific evidence to support and strengthen a provider's professional position. They also provide parents with a baseline for determining acceptability. They provide the public with a vehicle for intervention when child care falls below that level of acceptability. They protect all children equally everywhere.

Lack of a uniform minimum level of acceptability—lack of minimum standards for health and safety—causes confusion to the public, to consumers, to State officials, and to insurance companies. Varying standards make determination of risk nearly impossible. Uniform standards for health and safety would increase the likelihood of insurance companies offering affordable liability insurance to family day care providers—something they have been striving for for several years now.

In Time magazine, June 2, 1987, they stated: "The American child care system, to the extent that there is one, is riddled with potholes."

We are the largest industrialized nation in the world and the only one without a comprehensive child care initiative. Establishing uniform standards for health and safety for family day care is one step toward "mending a pothole". The Act for Better Child Care represents this country's first step toward a comprehensive child care initiative. Setting uniform standards for family day care which will protect our children and recognize family day care providers as an important equal part of the child care profession is one giant step toward proving that we do care about our children, their families, and the future of this country.

The National Association for Family Day Care thanks you for seeing just how important this need is. What better legacy can we provide for our children than love and nurturing in a healthy, safe environment?

And personally, I would like to say that having been a family day care provider for 15 years, I applaud the efforts of you, Senator Dodd, and the Committee in supporting the ABC bill.

Thank you.

Senator DODD. Thank you very much, Ms. Gellert.

[The prepared statement of Ms. Gellert follows:]

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TESTIMONY OF JUNE 28, 1988

Panel on The Minimum Needs for Health And Safety - The ABC Bill

by

Sandy Gellert, President

Distinguished Senators, Panel Members, Ladies and Gentlemen. I welcome the opportunity to represent the National Association for Family Day Care and to share with you why family day care providers need and want uniform health and safety standards and why the National Association for Family Day Care supports the ABC Bill in this area.

Family day care providers are the oldest form of child care in the world. However, they have been the step child of the child care profession. They have been and still are striving for recognition and acceptability. Defining standards are an important part of this process. Family day care providers are NOT babysitters.

The words "quality child care" are thrown around every day--the need for quality child care--that parents want and deserve quality child care--that for the protection of children we must have quality child care. Yet, without uniform standards, we cannot begin to define "quality child care" in this country. The 1987 Family Day Care Licensing Study done by the Children's Foundation clearly indicates that there is no uniform way in which states regulate family day care and no clear definition of standards. Some states still have no regulation at all.

The National Association for Family Day Care, organized in 1982, in part for just this very reason. Providers across the nation were overwhelmed and astonished by the variations of regulation for family day care. Unfortunately in 1988 these variations still exist from state to state. The providers needed an opportunity to network and dialogue with one another on issues that affected the family day care profession. What was defined as family day care in one state was quite different from family day care in another. What the minimum stardards for health and safety were varied from state to state and in some cases there weren't any. Family day care providers found that these variations caused problems and confusion to parents, legislators, early childhood educators, zoning board officials and insurance companies.

Regulatory standards are the minimal effort to define what is a healthy and safe environment for children in a day care setting. Regulatory standards set forth the public definition of acceptability. The problem that now exists is that there is no public definition.

According to the 1987 Family Day Care Licensing Study, there are approximately 200,000 regulated family day care providers in the country which represents a 22.5% increase from the 1983-84 Study. Even as fragmented as our regulatory standards are now, the increase in regulated family day care providers show that they want these regulatory standards.

Another area where this is evident is in the area of the Child Care Food Program. Since providers must be regulated to participate and since the number of family day care providers participating has increased steadily in recent years, we again can see that family day care providers see the value in being regulated and having minimum standards.

Although in different states this regulation takes on different forms--licensing, registration, or certification, the basic need for setting minimum health and safety standards is still present. Unfortunately some states still have no regulation or standards even now or have no effective monitoring system to determine if standards are being met at all. In essence the states have not done their job in setting minimum health and safety standards for family day care and determining if they are being carried out and if children are in fact being protected.

The Act for Better Child Care as it relates to family day care would set standards in 4 areas: total number of children in a family day care home, maximum number of infants in a family day care home, the caregiver's age, and health and safety. All of these are health and safety issues. Uniform standards represent consumer protection. What are the children in our country? I am sure we would all agree they are our most important commodity. We spend money to regulate crop rotation for the farmers because it is in the best interest of the future of the nation. We protect consumers by regulating airplane safety because it is in the best interest of the people. Yet we don't regulate even minimally at the national level the day care of our children who are both consumers and the future leaders of the country. Regulating minimum health safety standards for day care is just as important as regulating our health and safety through determining food and drugs we can buy. Children have no ability to protect themselves in day care. They have no voice of their own. It is our responsibility to speak for them. The National Association for Family Day Care represents individuals who care for the largest number of America's children on a day to day basis and 85-90% of the infants in day care. Defining uniform standards in those 4 areas is essential to protect our children and to help assure children's rights to minimal acceptable levels of day care. Family day care providers clearly want that because having clear cut standards make the family day cae profession more acceptable and recognized.

The National Association for Family Dayd Care knows how important defining standards is to providers because, since its organization, its members and other family day care advoces, have been striving toward a Family Day Care Code of Excellence. In 1988 NAFDC published this Code of Excellence and launched a Family Day Care Accreditation which will strive to define the upper limits of quality family day care. Family day care providers themselves want to determine their level of quality. Parents want to know too. NAFDC, through its Accreditation, is providing an elective professional goal for the family day care industry--the level of excellence. The Act for Better Child Care wants to define and establish the minimum standard of acceptability for health and safety. Both are essential.

Uniform standards can provide concrete, specific evidence to support and strengthen a provider's professional position. They also provide parents with a baseline for determining acceptability. They provide the public with a vehicle for intervention when child care falls below that level of acceptability. They protect all children equally everywhere.

Lack of a uniform minimum level of acceptability--lack of minimum standards for health and safety--causes confusion to the public, to consumers, to state officials and to the insurance companies. Varying standards make determination of risk nearly impossible. Uniform standards for health and safety would increase the likelyhood of insurance companies offering affordable liability insurance to family day care providers.

In TIME MAGAZINE, June 2, 1987, they stated "the American child care system--to the extent there is one--is riddled with potholes." We are the largest industrialized nation in the world and the only one without a comprehensive child care initiative. Establishing uniform standards for health and safety for family day care is one step toward "mending a pothole," as indicated in ARGUS, The Journal of Family Day Care, 1987, "Beyond the Potholes There is Quality."

The Act for Better Child Care represents this country's first step toward a comprehensive child care initiative. Setting uniform standards for family day care which will protect our children and recognize family day care providers as an important equal part of the child care profession is one giant step toward proving that we do care about our children, their families, and the future of this country.

The National Association for Family Day Care thanks you for seeing just how important this need is. What better legacy can we provide for our children than love and nurturing in a healthy, safe environment.

Senator DODD. Elliot Ginsberg is from my home State of Connecticut, where he is Commissioner for Health and Human Services. We appreciate you being here this morning, Elliot.

Mr. GINSBERG. Senator Dodd, thank you for this opportunity to present testimony regarding Senate Bill 1885, the Act for Better Child Care Services.

As you have stated, I am the Commissioner of the Connecticut State Department of Human Resources. I appear before you today in my capacity as Secretary of the National Council of State Human Service Administrators, a constituent group of the American Public Welfare Association.

I have submitted written testimony for the record and will briefly summarize the critical points regarding quality minimum standards.

Let me begin by stating that this bill is historic. With this legislation, you are defining a national policy on child care that balances the needs of families and children with the responsibilities of the Federal and State Governments. My colleagues and I commend your leadership and your commitment to enacting legislation that will create a system of affordable, accessible, high-quality child care in our Nation.

As human service administrators, we see every day that the lack of affordable child care continues to be the primary barrier faced by lower-income parents seeking and maintaining employment.

However, the issue is not solely one of affordability. Expanding the supply and accessibility of quality child care is also an integral part of any successful effort to move families from poverty and welfare dependence to economic self-sufficiency.

The emerging national consensus on the critical importance of child care for the poor parents has led to the inclusion of significant child funding provisions in the current welfare reform legislation.

However, even if we could place a child care subsidy in the hands of every job program participant, if they cannot locate the needed children due to an inadequate supply, we have not created a comprehensive system.

Connecticut's experience with its work incentive program called Job Connection confirms this. And Connecticut is not alone in this experience. Simply put, expanding the supply of child care and the accessibility of such care must be part of the equation.

The Act for Better Child Care represents an effort to address this critical and growing need to develop a comprehensive child care system. It transcends the issue of affordability provided in welfare reform legislation, while also providing a blueprint for improving the quality, the supply, and the coordination of child care services. It addresses the fact that families of every income bracket are desperate for solutions to the lack of quality care settings. It also calls for establishing national minimum quality standards concerning health, safety and other related protections for children, including staff-child ratios and group size and competition.

It provides sorely-needed investments of Federal funds to assist lower- and moderate-income families to pay for child care. In effect, it builds a child care infrastructure that balances all the child care needs.

While the quality regulation and enforcement of child care is a State responsibility, not all States have the resources to establish and enforce such standards. Currently, standards for centers, group day care homes, and family day care homes vary widely from State to State. The need for minimum quality standards for all child care settings looms large in our Nation. Whether a State sets out to create quality standards for programs depends on the health of its own economy. Even the most progressive States, however, have been limited by funding in what they can and have done.

Issues of affordability should not overshadow the concern of providing safe care for each and every child in a day care setting. Without such minimum standards and the subsequent State regulations, we are destined to wait until tragedies occur and then respond.

Establishing minimum quality standards is preventive and recognizes the realities of the changing American family and its need for child care.

We need to ask ourselves at this point do children have a right to basic health and safety. The answer is yes. It requires us to establish and fund minimum quality standards applicable to all child care in all States.

The next question we need to ask ourselves is this: What is the cost of not ensuring minimum standards.

In reply, we need to ask several other questions, such as: What is the cost of a brain-damaged child if we are not screening for lead paint in day care centers and homes? What is the cost for an infant who, in the event of a fire, cannot be evacuated in time because there were five or six other infants who were carried out first? Or the cost of a child hit by a bus or a car, who was left unsupervised due to inadequate staffing?

While it may appear that many child care providers and settings are meeting the minimum quality standards called for in the bill, national standards are required to target those which are not, to protect vulnerable children in unregulated settings.

As has been said by others, in 1987 only half of the States were able to offer the one-to-four infant-staff ratio recommended by the bill, and 26 States were not able to set requirements for group size. In such situations, it is altogether possible to have as many as seven or eight infants and 30 to 40 three year-olds cared for in a single setting.

Thirty-three States do not guarantee unlimited parental access to child care so that parents can have the right to ensure their child's basic safety and well-being. Twenty States have no ongoing training requirements for center staff. State studies have shown that child care programs not subject to standards or monitoring, or subject only to low standards and minimal monitoring, were five times more likely to have serious complaints than those programs which were subject to higher standards and frequent monitoring.

In our own State of Connecticut, Senator Dodd, we already mandate many of the provisions of this legislation. At the same time, we have experienced a significant increase in the number of child care providers who have come into the regulated system. Connecticut law, for example, already requires unannounced inspections of the more than 4,000 registered family day care homes and the 1,250 licensed day care centers and group day care homes.

Approximately 84,000 children are now cared for in these settings daily. State regulations further address issues such as capacity and staff/child ratios.

Initial inspections and ongoing monitoring include police and medical checks, inspections for such hazards as lead-based paint, uncovered bodies of water, and toxic materials.

Connecticut has moved forward to expand the supply of affordable care and ensure minimum standards. Other States, however, despite their commitment to child care, have not been as fortunate.

If there is a reason for caution, it is only to call on you to ensure that the bill's proposed funding levels are maintained. The comprehensive mandates which would ensure basic health and safety for every child need to be maintained, and the funding for them must be provided. Anything less would be a blueprint not for better child care, but for disaster.

For many States, this bill would be the key to creating and maintaining a system of high-quality, safe child care with the support of new resources and mechanisms. The window of opportunity is here before us. The ABC bill has prepared the ground upon which to build.

It is incumbent upon the Federal Government and Congress to lay the strong foundation and provide the support which will enable all of us concerned about quality, affordable, accessible child care to work together to meet the very real needs of the families and children throughout this Nation.

Thank you very much.

[The prepared statement of Mr. Ginsberg follows:]

APWA

NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS

Testimony of

ELLIOT A. GINSBERG

COMMISSIONER
CONNECTICUT DEPARTMENT OF HUMAN RESOURCES

AND

SECRETARY
NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS
AMERICAN PUBLIC WELFARE ASSOCIATION

BEFORE THE

SENATE SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM

June 28, 1988

Good morning, Senator Dodd and members of the subcommittee. Thank you for this opportunity to present testimony regarding S. 1885/H.R. 3660, the Act for Better Child Care Services.

My name is Elliot A. Ginsberg, and I am the commissioner of the Connecticut State Department of Human Resources. I appear before you today in my capacity as Secretary of the National Council of State Human Service Administrators, a constituent group of the American Public Welfare Association. APWA is a 60-year-old nonprofit, bipartisan organization representing the state human service departments, 800 local public welfare agencies, and 6,000 individual members.

I am submitting written testimony for the record, and will briefly summarize the critical points regarding quality minimum standards.

Let me begin by stating that this bill is historic. With this legislation you are defining a national policy on child care that balances the needs of families and children with the responsibilities of the federal and state government. My colleagues and I commend your leadership, and your commitment to enacting legislation that will create a system of affordable, accessible, high-quality child care in our nation.

As human service administrators, we see every day that the lack of affordable child care continues to be the primary barrier faced by lower-income parents seeking and maintaining employment. However, the issue is not solely one of affordability. Expanding the supply and accessibility of quality child care is also an integral part of any successful effort to move families from poverty and welfare dependence to economic self-sufficiency.

AS HUMAN SERVICE ADMINISTRATORS, WE COMMEND THE EFFORTS OF CONGRESS THIS YEAR TO ADDRESS THE ISSUE OF CHILDHOOD POVERTY THROUGH WELFARE REFORM LEGISLATION. WE ALL KNOW THAT A FAMILY CONSUMED EACH DAY WITH ITS OWN ECONOMIC SURVIVAL IS ILL-PREPARED TO ACQUIRE--OR EVEN THINK ABOUT ACQUIRING--THE JOB SKILLS NECESSARY TO ACHIEVE ECONOMIC INDEPENDENCE. WITH THE BURGEONING COST OF CHILD CARE AND AN INADEQUATE SUPPLY OF CHILD CARE ACROSS THE COUNTRY, A POOR FAMILY HAS LITTLE HOPE OF LEAVING PUBLIC ASSISTANCE AND BECOMING ECONOMICALLY SELF-SUFFICIENT. THE WELFARE DEBATE HAS FOCUSED NEW ATTENTION ON THE OBVIOUS LINK BETWEEN THE AVAILABILITY OF AFFORDABLE CHILD CARE AND THE ABILITY OF LOW-INCOME PARENTS TO GAIN EMPLOYMENT.

I AM PROUD OF THE LEADERSHIP ROLE HUMAN SERVICE COMMISSIONERS AND THE NATION'S GOVERNORS HAVE PLAYED OVER THE LAST TWO YEARS IN PRESSING FOR REFORM OF THE WELFARE SYSTEM. COMMISSIONERS BELIEVE THAT COMPREHENSIVE REFORM OF THE SYSTEM IS NECESSARY TO STRENGTHEN THE NATION'S FAMILIES, PROMOTE THEIR SELF-SUFFICIENCY, AND PROVIDE OPPORTUNITIES FOR CHILDREN.

THE EMERGING NATIONAL CONSENSUS ON THE CRITICAL IMPORTANCE OF CHILD CARE FOR POOR PARENTS HAS LED TO THE INCLUSION OF SIGNIFICANT CHILD CARE PROVISIONS IN THE CURRENT WELFARE REFORM LEGISLATION.

THE FAMILY SECURITY ACT, S. 1511, RECENTLY ADOPTED BY THE SENATE, INCLUDES GUARANTEED CHILD CARE SERVICES FOR LOWER-INCOME FAMILIES PARTICIPATING IN WELFARE-TO-WORK PROGRAMS. WE SUPPORT THE PROVISIONS OF S. 1511 THAT:

- EXTEND ELIGIBILITY FOR CHILD CARE SUBSIDIES FOR 9 MONTHS FOR FAMILIES MAKING THE TRANSITION FROM WELFARE TO FULL EMPLOYMENT;

- GUARANTEE CHILD CARE FOR EACH FAMILY WITH PAYMENTS FOR CARE NOT

EXCEEDING LOCAL MARKET RATES AS DETERMINED BY STATES AND APPLICABLE ONLY FOR REGULATED OR LICENSED CARE SETTINGS;

- UTILIZE FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT, STATES' FUNDING;
- MAKE AVAILABLE FEDERAL DEMONSTRATION GRANTS TO ASSIST STATES IN INCREASING AND EXPANDING THE SUPPLY OF CHILD CARE IN RURAL SETTINGS.

APWA BELIEVES THAT FEATURES OF WELFARE REFORM LEGISLATION CAN RESULT IN IMPORTANT AND NEEDED ASSISTANCE FOR LOW-INCOME FAMILIES AS THEY STRUGGLE TO BECOME SELF-SUFFICIENT AND INDEPENDENT OF PUBLIC ASSISTANCE.

WE CAN PLACE A CHILD CARE SUBSIDY IN THE HAND OF EVERY JOB PROGRAM PARTICIPANT, BUT IF THEY CANNOT LOCATE THE NEEDED CARE DUE TO AN INADEQUATE SUPPLY, WE HAVE NOT CREATED A COMPREHENSIVE SYSTEM. SIMPLY PUT, EXPANDING THE SUPPLY OF CHILD CARE, AND THE ACCESSIBILITY OF SUCH CARE, MUST BE PART OF THE EQUATION. CONNECTICUT'S EXPERIENCE WITH ITS WORK INCENTIVE PROGRAM, CALLED JOB CONNECTION, CONFIRMS THIS.

AS OF APRIL 4, 1988, 5,400 CONNECTICUT JOB CONNECTION REGISTRANTS WHERE CLASSIFIED AS NOT READY FOR EMPLOYMENT. OF THESE, 2,600 COULD NOT BE CERTIFIED BECAUSE THERE WAS NOT ENOUGH REGULATED, ACCESSIBLE AND AFFORDABLE CHILD CARE. FIFTY-FOUR PERCENT OF THE PAST JOB CONNECTION PARTICIPANTS CITED CHILD CARE AS A REASON FOR HAVING TO LEAVE THEIR JOBS, ACCORDING TO A PARENT SURVEY. TWENTY PERCENT OF THESE FAMILIES ULTIMATELY RETURNED TO STATE ASSISTANCE.

CONNECTICUT IS NOT ALONE IN THIS EXPERIENCE. IN A 1986 SURVEY, NEARLY TWO-THIRDS OF THE WELFARE-TO-WORK RECIPIENTS IN THE STATE OF WASHINGTON CITED DIFFICULTY IN

LOCATING AFFORDABLE CHILD CARE AS THE PRIMARY PROBLEM IN SEEKING AND MAINTAINING A JOB. FURTHER, A NATIONAL REPORT BY THE GENERAL ACCOUNTING OFFICE, "WORK AND WELFARE: CURRENT AFDC WORK PROGRAMS AND IMPLICATIONS FOR FEDERAL POLICY," SHOWS THAT APPROXIMATELY 60 PERCENT OF AFDC WORK PROGRAM RECIPIENTS FOUND THAT THE LACK OF AFFORDABLE CHILD CARE PREVENTED THEIR PARTICIPATION.

THE ACT FOR BETTER CHILD CARE REPRESENTS AN EFFORT TO ADDRESS THIS CRITICAL AND GROWING NEED TO DEVELOP A COMPREHENSIVE CHILD CARE SYSTEM. IT TRANSCENDS THE ISSUE OF AFFORDABILITY PROVIDED IN WELFARE REFORM LEGISLATION BY ALSO PROVIDING A BLUEPRINT FOR IMPROVING THE QUALITY, THE SUPPLY AND THE COORDINATION OF CHILD CARE SERVICES. IT ADDRESSES THE FACT THAT FAMILIES OF EVERY INCOME BRACKET ARE DESPERATE FOR SOLUTIONS TO THE LACK OF QUALITY CARE SETTINGS. IT ALSO CALLS FOR ESTABLISHING MODEL MINIMUM QUALITY STANDARDS CONCERNING HEALTH, SAFETY AND OTHER RELATED PROTECTIONS FOR CHILDREN, INCLUDING STAFF/CHILD RATIOS AND GROUP SIZE AND COMPOSITION.

AS HUMAN SERVICE OFFICIALS CHARGED WITH ADMINISTERING CHILD CARE PROGRAMS, WE VIEW THIS BILL AS SENSITIVE TO THE REAL WORLD OF OPERATIONS AND IMPLEMENTATION. IT PROVIDES SORELY NEEDED INVESTMENTS OF FEDERAL FUNDS TO ASSIST LOWER AND MODERATE INCOME FAMILIES TO PAY FOR CHILD CARE, AND STRENGTHENS THE OVERALL SYSTEM BY ESTABLISHING MINIMUM QUALITY STANDARDS, AND INCENTIVES TO INCREASE SUPPLY. IN EFFECT, IT BUILDS A CHILD CARE INFRASTRUCTURE THAT BALANCES ALL THE CHILD CARE NEEDS.

IN THE FACE OF DECREASING FEDERAL FUNDS, STATES ARE STRUGGLING TO MEET SUPPLY AND QUALITY DEMANDS. THE NATIONAL GOVERNORS' ASSOCIATION, IN ITS CHILD CARE POLICY ADOPTED IN FEBRUARY 1988, CITES THE FEDERAL GOVERNMENT'S ROLE AS PROVIDING

INCENTIVES AND GRANTS TO HELP STATES MOVE TOWARD NATIONAL MINIMUM QUALITY STANDARDS. THESE STANDARDS MUST ADDRESS BASIC HEALTH AND SAFETY REQUIREMENTS.

WHILE THE QUALITY REGULATION AND ENFORCEMENT OF CHILD CARE IS A STATE RESPONSIBILITY, NOT ALL STATES HAVE THE RESOURCES TO ESTABLISH AND ENFORCE CHILD CARE STANDARDS. CURRENTLY, STANDARDS FOR CENTERS, GROUP DAY CARE HOMES AND FAMILY DAY CARE HOMES VARY WIDELY FROM STATE TO STATE. THE NEED FOR MINIMUM QUALITY STANDARDS FOR ALL CHILD CARE SETTINGS LOOMS LARGE IN OUR NATION. WHETHER A STATE SETS OUT TO CREATE QUALITY STANDARDS FOR PROGRAMS DEPENDS ON THE HEALTH OF ITS OWN ECONOMY. EVEN THE MOST PROGRESSIVE STATES HAVE BEEN LIMITED BY FUNDING IN WHAT THEY CAN AND HAVE DONE.

CONSEQUENTLY, MANY STATES HAVE NOT BEEN ABLE TO ENACT NOR ENFORCE BASIC HEALTH AND SAFETY PRECAUTIONS FOR CHILDREN. IN THESE CASES THE RIGHTS OF CHILDREN TO BASIC PROTECTION ARE IN QUESTION.

ISSUES OF AFFORDABILITY SHOULD NOT OVERSHADOW THE CONCERN OF PROVIDING SAFE CARE FOR EACH AND EVERY CHILD IN DAY CARE SETTINGS. WITHOUT SUCH MINIMUM STANDARDS AND SUBSEQUENT STATE REGULATIONS, WE ARE DESTINED TO WAIT UNTIL TRAGEDIES OCCUR AND THEN RESPOND. ESTABLISHING MINIMUM QUALITY STANDARDS IS PREVENTIVE, AND RECOGNIZES THE REALITIES OF THE CHANGING AMERICAN FAMILY AND ITS NEED FOR CHILD CARE. THESE REALITIES INCLUDE:

- RAPIDLY ESCALATING DEMAND FOR CHILD CARE DUE TO AN INCREASE IN WORKING MOTHERS, TWO- PARENT WORKING FAMILIES AND SINGLE-PARENT FAMILIES;

- GROWING NUMBERS OF INFANTS AND TODDLERS REQUIRING CHILD CARE, POSING SPECIAL CONCERNS FOR HEALTH AND SAFETY STANDARDS;

- SINGLE PARENTS BECOMING PRESSURED MORE THAN EVER BY ECONOMICS AND CHOOSING A CHILD CARE SETTING THAT COSTS LESS;

- INCREASED AWARENESS AND INVOLVEMENT FOR PARENTS IN CHOOSING AND MONITORING THEIR CHILD'S CARE.

WE NEED TO ASK OURSELVES AT THIS POINT--DO CHILDREN HAVE A RIGHT TO BASIC HEALTH AND SAFETY? THE ANSWER IS YES. IT REQUIRES US TO ESTABLISH AND FUND MINIMUM QUALITY STANDARDS APPLICABLE TO ALL CHILD CARE IN ALL STATES. THE NEXT QUESTION WE NEED ASK OURSELVES IS THIS--WHAT IS THE COST OF NOT ENSURING MINIMUM STANDARDS?

IN REPLY, WE NEED TO ASK SEVERAL OTHER QUESTIONS SUCH AS--WHAT IS THE COST OF A BRAIN-DAMAGED CHILD IF WE ARE NOT SCREENING FOR LEAD PAINT IN DAY CARE CENTERS AND HOMES? WHAT IS THE COST FOR AN INFANT WHO, IN THE EVENT OF A FIRE, CANNOT BE EVACUATED IN TIME BECAUSE THERE WERE FIVE OR SIX OTHER INFANTS THAT WERE CARRIED OUT FIRST? OR THE COST FOR A CHILD HIT BY A BUS OR A CAR, WHO WAS LEFT UNSUPERVISED DUE TO INADEQUATE STAFFING?

WE RECOGNIZE THAT STATES DIFFER IN THEIR ABILITY TO IMPLEMENT ANY NEW STANDARDS REQUIREMENTS. A NATIONAL STRATEGY OF ESTABLISHING A MINIMUM FLOOR FOR QUALITY STANDARDS MUST EFFECTIVELY ADDRESS THESE DIFFERENTIALS.

THE ABC BILL RECOGNIZES THE NEED FOR A STRONG FEDERAL COMMITMENT BY PROVIDING INCENTIVES AND GRANTS TO STATES MOVE TOWARD NATIONAL MINIMUM STANDARDS.

IT CLEARLY MAINTAINS THAT IT IS THE STATES' RESPONSIBILITY TO ASSESS THEIR CURRENT CHILD CARE SYSTEM AND ENFORCE QUALITY STANDARDS.

WHILE IT MAY APPEAR THAT MANY CHILD CARE PROVIDERS AND SETTINGS ARE MEETING THE MINIMUM QUALITY STANDARDS CALLED FOR IN THE BILL, NATIONAL STANDARDS ARE REQUIRED TO TARGET THOSE WHICH ARE NOT, TO PROTECT VUNERABLE CHILDREN IN UNREGULATED SETTINGS. I NEED NOT RELATE TO YOU THE CHILD TRAGEDIES OCCURRING IN THIS NATION AS A RESULT OF UNREGULATED CARE. SUFFICE IT TO SAY THAT IN 1987 ONLY HALF OF THE STATES WERE ABLE TO OFFER THE 1:4 INFANT/STAFF RATIO RECOMMENDED BY THE ABC BILL, AND 26 STATES WERE NOT ABLE TO SET REQUIREMENTS FOR GROUP SIZE. IN SUCH SITUATIONS IT IS ALTOGETHER POSSIBLE TO HAVE AS MANY AS SEVEN OR EIGHT INFANTS AND/OR 30 TO 40 THREE-YEAR-OLDS CARED FOR IN A SINGLE SETTING.

THIRTY-THREE STATES DO NOT GUARANTEE UNLIMITED PARENTAL ACCESS TO CHILD CARE SO THAT PARENTS CAN HAVE THE RIGHT TO ENSURE THEIR CHILD'S BASIC SAFETY AND WELL-BEING. TWENTY STATES HAVE NO ONGOING TRAINING REQUIREMENTS FOR CENTER STAFF. STATE STUDIES HAVE SHOWN THAT CHILD CARE PROGRAMS NOT SUBJECT TO STANDARDS OR MONITORING, OR SUBJECT ONLY TO LOW STANDARDS AND MINIMAL MONITORING, WERE FIVE TIMES MORE LIKELY TO HAVE SERIOUS COMPLAINTS SUCH AS CHILD ABUSE THAN WERE PROGRAMS SUBJECT TO HIGHER STANDARDS AND FREQUENT MONITORING.

IN OUR OWN STATE OF CONNECTICUT, SENATOR DODD, WE ALREADY MANDATE MANY OF THE PROVISIONS OF THIS LEGISLATION. AT THE SAME TIME, WE HAVE EXPERIENCED A SIGNIFICANT INCREASE IN THE NUMBER OF CHILD CARE PROVIDERS WHO HAVE COME INTO THE REGULATED SYSTEM. CONNECTICUT LAW, FOR EXAMPLE, ALREADY REQUIRES UNANNOUNCED INSPECTIONS OF THE 4,000 REGISTERED FAMILY DAY CARE HOMES AND THE 1,250 LICENSED DAY CARE CENTERS AND GROUP DAY CARE HOMES. APPROXIMATELY 84,000 CHILDREN ARE

CARED FOR IN THESE SETTINGS DAILY. STATE REGULATIONS CURRENTLY ADDRESS ISSUES SUCH AS CAPACITY AND STAFF-CHILD RATIOS.

INITIAL INSPECTIONS AND ONGOING MONITORING INCLUDE: POLICE AND MEDICAL CHECKS OF THE PROVIDER AND ALL HOUSEHOLD MEMBERS, AND INSPECTIONS FOR SUCH HAZARDS AS THE PRESENCE OF LEAD BASED PAINT, UNCOVERED BODIES OF WATER, AND TOXIC MATERIALS. WE ALREADY SPEND MORE THAN $300,000 A YEAR FOR TRAINING OF CHILD CARE PROVIDERS AND HAVE ESTABLISHED A STATE CHILD CARE COUNCIL TO ASSIST US IN DEVELOPING A STATEWIDE PLAN. WE HAVE ALSO INSTITUTED A COMPREHENSIVE STATEWIDE INFORMATION, REFERENCE AND REFERRAL SYSTEM TO ASSIST PARENTS IN LOCATING QUALITY CHILD CARE.

CONNECTICUT HAS MOVED FORWARD TO EXPAND THE SUPPLY OF AFFORDABLE QUALITY CARE BUT IT HAS BEEN A LONG PROCESS. WE HAVE BEEN VERY FORTUNATE TO SECURE THE COMMITMENT OF OUR GOVERNOR AND LEGISLATURE, BUSINESS, LOCAL COMMUNITIES AND PARENTS. OTHER STATES, DESPITE THEIR COMMITMENT TO CHILD CARE, HAVE NOT BEEN AS FORTUNATE. FEW CAN AFFORD TO ADDRESS THE ISSUES OF QUALITY, AFFORDABILITY AND ACCESSIBILITY WITHOUT FEDERAL SUPPORT AND WHEN PRESSED, MINIMUM QUALITY STANDARDS RECEIVE LESS ATTENTION.

IF THERE IS REASON FOR A WORD OF CAUTION, IT IS ONLY FOR US TO CALL UPON YOU TO ENSURE THAT THE BILL'S PROPOSED FUNDING LEVELS ARE MAINTAINED. THE COMPREHENSIVE MANDATES, WHICH WOULD ENSURE BASIC HEALTH AND SAFETY FOR EVERY CHILD, NEED TO BE MAINTAINED AND THE FUNDING FOR THEM MUST BE PROVIDED. ANYTHING LESS WOULD BE A BLUEPRINT NOT FOR BETTER CHILD CARE, BUT FOR DISASTER.

FOR CONNECTICUT, THE ABC BILL WILL ALLOW US TO FIND MORE INNOVATIVE SOLUTIONS TOWARD EXPANDING THE SUPPLY, MAKE CARE MORE AFFORDABLE, AND ENSURE SAFE SETTINGS

FOR CHILDREN. BUT FOR MANY MORE STATES THIS BILL WILL BE THE KEY TO FIRST CREATING AND MAINTAINING A SYSTEM OF HIGH QUALITY, SAFE CHILD CARE WITH THE SUPPORT OF NEW RESOURCES AND MECHANISMS.

THE WINDOW OF OPPORTUNITY IS HERE BEFORE US. WE NEED TO INVEST NOW IN CHILD CARE AND IN OUR CHILDREN. THE ABC BILL HAS PREPARED THE GROUND UPON WHICH TO BUILD.

IT IS INCUMBENT UPON THE FEDERAL GOVERNMENT AND CONGRESS TO LAY THE STRONG FOUNDATION AND PROVIDE THE SUPPORT WHICH WILL ENABLE ALL OF US CONCERNED ABOUT QUALITY, AFFORDABLE, ACCESSIBLE CHILD CARE TO WORK TOGETHER TO MEET THE VERY REAL NEEDS OF THE FAMILIES AND CHILDREN THROUGH THE NATION.

THANK YOU.

Senator DODD. Thank you very much for your testimony, and I appreciate the patience of all of our witnesses.

Let me ask you, if I can, I presume most of you were here this morning to hear the testimony of our two Governors, Governor Clinton and Governor Kean of New Jersey, which discussed the Governors' concerns about the standards issue. I think if there was any one single issue, that is the one that I seemed to hear.

The rest—and if you have any disagreement, I would like to hear about it—were the changes we have already made in the legislation that Governor Clinton specifically raised; many of those, we have already made changes on.

But I wonder if you might comment on the Governors' recommendations that we just sort of set up the National Commission and then allow the States to move forward on that.

Why don't we begin with you, Dr. Phillips, and then Ms. Gellert, and I have some questions for you, Mr. Hall, in a second, but I'd like to hear from our psychologists and others.

Dr. PHILLIPS. We already tried that. In 1985 or 1986, the Federal Government, the Department of Health and Human Services, did issue model child care standards. This was in response to the child abuse concerns in child care. In addition to issuing model standards, it also set side-by-side each of the State standards. And what we heard from States is that it was very interesting for them to have those State-by-State comparisons, but as you can see, they didn't incorporate the model standards. I mean, you can see it in the data that you have presented in your chart.

So I think another attempt yet to issue simply recommended standards is very much essentially a waste of time; we know it won't work.

The two Governors are fortunate to come from two States that have very good standards. The Federal law, if passed, would probably not affect their States at all. And in some ways, I think it is a luxury for them to be able to say, "We don't need this provision in the legislation."

The thing to keep in mind is that the cost here is borne by the children who happen not to live in those kinds of States and who are clearly, from what I am seeing in my visits to child care centers in States with bad standards, are clearly jeopardizing the health and safety of children. That is what is at stake here.

Senator DODD. Ms. Gellert.

Ms. GELLERT. Well, I would certainly concur with what Dr. Phillips just said, and I think I like the phrasing that Mr. Hall used. To me, it sort of sounds like if you don't put the standards in there, you are building the house without the groundwork first. You can't have a comprehensive child care legislation and initiative in this country and not have the standards, which are the baseline to build on. So we wouldn't build a house without the proper framework; I would hope we wouldn't build a child care initiative also without the proper framework.

Senator DODD. Mr. Ginsberg, comment on this. You are involved in a national organization. You deal with commissioners from all across this country. And obviously what the Governors were suggesting is not unique. As I said earlier, Governors, mayors, historically going back, I suspect, to the founding of this country have been suspicious of what the Federal Government was going to do for them. As I said earlier, I think that suspicion in many cases is healthy, but it needs to be balanced with need.

What do your colleagues tell you, State commissioners from around the Nation, when it comes to the issue of standards?

Mr. GINSBERG. Senator, the issue is certainly one that we have discussed, and again, I think it reflects the fact that there are variances among States. I would say that the issue is one that is tied to the question of whether there will be dollars to provide for those standards. That is to say, I don't believe it is one where people do not believe that the standards that we have provided for in Connecticut or elsewhere are standards that are necessarily things that they would object to. It is a question that it does cost dollars to provide for those.

I think to the extent that there are dollars to provide for those standards, I would like to say that we would certainly be able to find a method of compromising to the extent that there is disagreement on which standards. I think the issue of quality and quality standards has different meaning to different people. I think you and Governor Clinton described that this morning. It may mean different things to different people; as long as we are all talking about those that are minimum, those that are at a floor, those that would allow for all of us to come together and say these few things that are listed in the bill, such as ratios, such as possibly the number of children, number of infants, I think there could be agreement on that. I think it depends on whether they believe that there will be funding to allow them, where they have not their own State resources to provide that.

We, as others have said, have been very fortunate. We have put State dollars into the need to do that. We have enough staff to provide for the ongoing monitoring. We have enough staff to provide for the ability to research and look into every participant who asks to be in the family day care home system or State system. We are able to do that. Others have told me they are not, and that is, I think, their major concern.

Senator DODD. Do you agree with Dr. Phillips when she says that we provided model standards back with the child abuse statutes, and damned few States even bothered with them?

Mr. GINSBERG. I would say that I have certainly not talked with them about that. I know that in our State, we have discussed the model standards, and we have certainly used them to view where we need to do.

Senator DODD. Well, what is your general experience as a commissioner? We set up model standards all the time. How do you react in a State when model standards are set up as a general rule?

Mr. GINSBERG. I think model standards are looked to be achieved if fiscally possible to do that, if there is a willingness to believe that those standards are good standards. I believe very honestly that if there is not dollars to mandate going there, it is not necessarily things that people move to, because there are other programs where there are mandated programs and mandated standards that must be met. So I think it is one that does follow dollars, and I think generally, at least on the things that we have looked at in this bill and that I have looked at personally in terms of Connecticut, they are standards that are there; we have met those in Connecticut. I would tell my colleagues and have told them that it will not impact negatively upon their system; it will not drive people underground; it will not disenfranchise those to come into a system.

In fact, we have found, as I think the testimony before me mentioned, that people do seek them out, do want them, do in fact find themselves wishing to come into a system because in fact they have some standards to move and be associated with, and have us be able to tell them where they are in compliance and where they are not in compliance.

Senator DODD. I want to come back to the question of driving people out. You have mentioned that in Connecticut your experience has been that even with standards which are some of the best in the country, we are finding an increase of licensing—that in fact, quite the opposite has been true. One of the myths is that it drives people out of the system and forces them to go underground.

Mr. GELLERT. I would say to you, Senator, in the past two years, we have increased the number of family day care homes in the registered system from a little over 2,000 to a little over 4,000. In the last three months, we have registered 113 homes, which has the capacity of placing almost 700 system in the registered system. We have some of the most stringent standards, and yet we have found by going out and explaining the system that those who wish to be in the system, they are welcoming that and in fact coming to us to provide their services for this needed situation.

Senator DODD. Ms. Gellert, do you want to comment on that?

Ms. GELLERT. I would just like to say that I think frequently the "myth" that you alluded to where people say it is going to drive them underground is more often than not as a result of the fact that it is not—as he just said, he is going out and explaining the rules and regulations to the people—they are not explained to them. There is no effort on the part of the States to make that effort to explain, to go out and say, "These are the benefits of being part of this system." So that the individual person who may go underground is going underground from lack of knowledge, not because the system and the standards are too high.

Mr. GINSBERG. Senator, if I could just add one point. The bill speaks to training, and I think we have found that to be a real benefit. When we can go out and tell potential family day care home providers that we will help them with training, we will give them information on how to run a business, we will give them information on how to deal with children—they welcome that. They see that as a plus. And I think unless we have the comprehensive nature that this bill provides, then in fact we don't have some issues to go out and explain to them, and we can explain some of the benefits, but we have things to offer, and they are willing to accept, and they want them. I think that is what drives people up from underground and into the system.

Senator DODD. Very good.

Mr. Hall, I again want to thank you for your testimony. In this Committee, I have heard on numerous occasions from witnesses who are already in the programs, who support child care and support parental leave, and I always find it intriguing that the business witness who has been in the program or supported these issues for some time, and next to him or her sits someone who is not in the program, but is imagining what it will be like. And yet, both witnesses are given equal weight when their testimony is reported—the witness who is anticipating what the world will be like with child care and the witness who will tell you factually what it is like. So your testimony is particularly helpful this morning, particularly the survey of some 88 firms.

I am wondering if you are getting any appreciation at all from firms about the employment of the at-risk population, which in the past has been a relatively small fraction of potential employment pools in an urban area or a metropolitan area; whereas today, in many of them across the country, that at-risk population is growing larger as the employment pool from which firms must draw, not in 25 years but in the next 5 to 10 years, and whether or not you are getting any additional response from the business community for State or local efforts where business is not going to put a child care facility for those particular individuals or their parents at this juncture, but rather only for their employees. Is there more of an interest that you are witnessing or seeing to support local or State efforts in the area of child care, to service that constituency from which they will be drawing to work in their own firms and factories in the very near future?

Mr. **Hall**. That's a good question. To answer your question, I think what you have done and the attention that the Presidential campaign and other factors have brought to bear on the child care issue is helping.

In terms of local employer interest, we are still finding a great deal of ignorance. There is a generation gap difference in the child care issue. The people that are of an age to run companies were in the generation of Ward and June Cleaver, and Mom is still at home, and that's just not the case.

I think there is an increasing groundswell of support, and I think that you are finding in some model programs—to use one in Massachusetts, the Stride-Rite Corporation, for example, to tie your two questions together—Arnold Hyatt, who was their Chairman when they put in the child care facility, did not expect that the greatest use would come from the surrounding community, but I think that is exactly what happened. The public relations value of that has been incredible for them.

I think as success stories like that begin to become more prominent, you will see an increased pressure on corporations to not only do it, but to help the company.

I'll give you one example I have sat in on. The Friendswood people, a subsidiary of Exxon, have a major project in Houston. When they announced to their newest tenant, an assemblage of Mobil employees, that they were putting in a child care facility, they got a standing ovation from 3,000 people. So I think that the people at Friendswood began to see the issue in a new light based on that one event.

Senator **Dodd**. Is it your judgment that the Federal Government need not do a tremendous amount for the business community directly, that they will come to this issue as you have described as an economic necessity?

Mr. HALL. Absolutely not, no. I don't want to leave here with that impression. I think the Government needs to draw attention to the fact that it is a good decision, but I think it is going to take a stronger stimulus than just a good example to get us from one-half of one percent of corporate involvement to anything resembling an overwhelming corporate involvement.

Senator DODD. What do you suggest?

Mr. HALL. I think that tax incentives are a very good one—

Senator DODD. Wait a minute. We have had an on-site child care tax credit in Connecticut for how many years, Elliot?

Mr. GINSBERG. Almost five.

Senator DODD. Has anybody taken advantage of it?

Mr. GINSBERG. One, and we have had an off-site tax credit program of over a million dollars, which has only been utilized to $179,000.

Senator DODD. So they don't seem to take advantage of that.

Mr. HALL. How well have you publicized it?

Senator DODD. What's that?

Mr. HALL. How well-publicized is it?

Senator DODD. Pretty well-publicized. The problem, I think, is this. You've got six million employers in the country; 90 percent of them employ 20 or fewer people. You are just not going to get on-site child care at the local hardware store or the bakery or these small businesses. You just can't do it; it is unrealistic; whereas the corporate headquarters or a large operation maybe, in some cases. But to expect 90 percent of businesses in this country to have on-site child care, I think is, frankly, dreaming. I don't think it is ever going to happen—nor should it.

Mr. HALL. Well, you have a good argument, though. I don't know specifically where your $2.5 billion is going, but I would like to—

Senator DODD. I'll tell you. Seventy-five percent of it goes to subsidize the 115 percent of median income and below for the vouchers and so forth; 15 percent is going toward availability; and the remainder would go toward the question of supporting training and the like in the State. Roughly, that's the breakdown.

Mr. HALL. OK. As a part of training, I think it is real important that you make corporations aware of the array of child care assistance that they can provide. You know, we are not selling just on-site child care. I think IBM has just developed an incredible referral system; and the idea of coalitions of companies to do off-site child care. Dana Friedman, of the Conference Board, is a leading proponent of the cafeteria-style benefits program. These are smart people that you will be talking to. When you explain it to them in economic terms, and they see the benefit, it's just the information that they need, and I don't think they have it.

Senator DODD. Let me ask one last question to Ms. Gellert and to you, Dr. Phillips, and that is about the myths, again, that we are driving people, women particularly, out of the home, into the workplace, that if we really wanted to do something here, we ought to be talking about—as I said, I think one bill has a $750 tax credit to stay at home, to encourage mothers particularly to stay at home and raise the children rather than going out into the work force—

that if we really wanted to improve child care, that's where we ought to be. I will state again, and I have said it earlier, I think if you can be as fortunate as I was growing up—I heard Tom Kean talk about his childhood. I was one of six children, the fifth of six, and I never remember—ever remember—ever coming home and not finding my mother home when I came home. And I think in my neighborhood, anyway, that was the norm. But today there is only one in ten families that have that same experience. And obviously, if I could will that on the country, I would will it, if somehow you could do that, to make it possible for people to have that kind of an upbringing.

But what do you say to those who say, why don't you really do something about encouraging people to stay home, instead of encouraging them, as they are suggesting I am doing, to leave the home and to go out into the work force? What is your answer to them?

Dr. **Phillips**. I am certainly a proponent of parent choice, and one of the best predictors of how children do in child care beyond the quality is whether the parent is comfortable with using child care.

On the other hand, as you noted in your opening remarks, most mothers who work work out of necessity. They do not have a choice. And if all we are going to do is give them $750 million around the country, or whatever it is, to stay home, we're going to force many families into poverty, and poverty is not good for children. That's really the choice we're dealing with here.

Mothers who can stay home get other benefits. They get the benefit of spending day in and day out watching their child grow up. That is very rewarding, and they are lucky if they can do that. But a lot of women simply don't have the choice.

It has been interesting to juxtapose the welfare reform debate with the child care debate, because in the welfare reform debate, we are basically creating opportunities for these women to get skills and join the labor force, so we are sending that message. And yet whenever you mention child care, we start resurrecting this nostalgic image of June Cleaver, and that just doesn't fit reality today.

I think one of the most encouraging aspects of the contemporary debate about child care is that it has moved beyond the question of whether we need child care and has really gotten to the point of how can we make the system better.

Senator **Dodd**. I agree.

Ms. Gellert.

Ms. **Gellert**. Well, I would just like to say from a personal standpoint, being a single parent, I have to work, and therefore—and my children are teenagers—but if they were young children, I would certainly not have a choice. Seven hundred and fifty dollars a year would not keep me home. Even as a married person, when I was married, our income was what I would consider middle income, and there again, $750 would certainly not have kept me home, because that would not have compensated for the fact that my earning power either as a family day care provider or out in the everyday work world, $750 would not cut it. So I don't think that that is the answer to our child care dilemma in this country.

Senator DODD. We have our one parent here who is testifying as a parent, I should say. Do you consider yourself a "yuppie," Ms. Michaels?

Ms. MICHAELS. No.

Senator DODD. Are you in the work force because you have to be or because you want to be?

Ms. MICHAELS. Financially, we need my second income.

Senator DODD. It is absolutely essential for your family to survive economically.

Ms. MICHAELS. To live in the standards that we are accustomed to living, yes; and in the same standards that my parents brought me up, yes, I have to have my job to support my children in the fashion that I was brought up in.

Senator DODD. Well, I thank you for coming here this morning, and I thank all of you for being so patient and waiting. We may have some additional questions from other members of the Committee, and we'll leave the record open for that purpose. But you have all been tremendously helpful, and we thank you for your testimony.

Our last panel of witnesses this afternoon are Mr. Robert Rector, who is a policy analyst from the Heritage Foundation, and Mr. William Mattox, the Director of Public Policy with the Family Research Council, Washington, D.C.

We thank both of you for being here this afternoon, and apologize for the lateness. You have been very patient to wait. I personally want to thank both of you for being here. I thought this would be over an hour or so ago, but what with votes and delay in start and so forth. But I hope you found being here and listening to this may be helpful in terms of your own testimony.

Your full remarks will be included as part of the record. I have read your testimony; you may want to abbreviate some of it because it is, in one case, anyway, a little lengthy but informative.

We'll proceed with you, Mr. Rector, first.

STATEMENTS OF ROBERT RECTOR, POLICY ANALYST, HERITAGE FOUNDATION, WASHINGTON, DC; AND WILLIAM R. MATTOX, JR., DIRECTOR OF PUBLIC POLICY, FAMILY RESEARCH COUNCIL OF AMERICA, INC., WASHINGTON, DC

Mr. RECTOR. It is a pleasure to be here testifying today. I want to preface my remarks by stating that what I will say reflects my opinions and not the opinions of the Heritage Foundation. The Heritage Foundation does not take positions on specific legislation.

I think that we have heard some fairly clear themes this morning. I would like to disagree with one basic theme. I don't think that child care and day care is an international competitiveness issue; I think it is a children's issue. And I think if we address it in that sort of crass, mercantile fashion that we heard it addressed this morning as a means for increasing America's economic productivity that it is going to jeopardize the interests of children in the United States.

I think that we do need a comprehensive national child care policy. That policy should be based on six principles. The first is that all children are important, not just those children which are using professional nonprofit day care centers.

The second principle is that the policy should not discriminate or exclude traditional families where the mother is making a considerable financial sacrifice to remain at home to raise her own children—the so-called pejoratively termed "Ozzie and Harriet" families, of which there are literally millions and millions in the United States.

Third, the policy should focus its maximum benefits on low-income families with children.

Fourth, the policy should fund parents directly, not funding bureaucracies and institutions.

Fifth, the policy should seek to maximize parental choice and freedom in order to enable the parents to best meet family needs. In the United States today, there are basically four modes of taking care and raising children, particularly preschool children. The first is care by the mother. The second is care by relatives and grandparents. The third is care by informal, unlicensed day care providers. And the fourth is care by professional day care centers.

Government policy should recognize all four of those options as options available to parents and should support them all equally. It should not discriminate against any of those modes, nor should it pre-select in determining that one mode of child care is superior, and therefore by subsidizing it, it should encourage parents to use it.

The sixth principle is that the policy should not discriminate against religious institutions, nor should it seek nor inadvertently diminish the role of religion in American society.

I think the ABC bill fails by all six of these policy criteria, and therefore I oppose the ABC bill because, first, the ABC bill excludes among children under age five, 10 million preschool children whose mothers are not employed and whose mothers are out of the work force. It excludes four million children whose mothers are employed but who are cared for by relatives, grandparents, or perhaps by the father. It excludes from assistance two million children who are cared for in unlicensed day care settings—these are generally small, informal settings with one woman carrying for one or two children and providing a high level of care. It excludes roughly one million children who are in private profit-making day care centers. It excludes an unspecified number of children who are in active pro-religious day care centers.

Overall, among children under age five, the ABC bill would assist no more than about one million children in the United States. Ninety-five percent of the preschool children in the United States are excluded from assistance under this bill.

And yet, we are led to believe that there is a mass parental movement of parents coming to Washington and saying, please, give us a child care policy in which 19 out of 20 children receive no assistance and no support.

I oppose the ABC bill because it economically discriminates against traditional families where the mother is making economic sacrifice to remain at home. Currently, the Federal Government pays 40 percent of the cost of day care nationwide. We have a considerable Government expenditure in favor of families using day care. Yet we have no program to assist traditional families where the mother is providing for the care of the children herself.

I think it is unfair to tax these traditional families in order to provide subsidies to those families that are using day care.

I oppose the ABC bill because it is a policy of Robin Hood in reverse—it takes from the poor and gives to the moderately better-off. Over 83 percent of the families using day care in the United States are two-parent, two-earner families. The median income of those families is roughly $38,000 a year. In contrast, the median income of a traditional two-parent family where only one parent is working is roughly $26,000 a year.

It is erroneous, as we just heard the last panel say, that one group of families uses day care out of necessity while another large number of families remain at home due to the fact that they have higher standards of living and are living in some form of luxury. In fact, if you compare the husband's income in two-parent, two-earner families with the husband's income in traditional, so-called "Ozzie and Harriet" families where the mother is not working, the traditional families are slightly better off, but not that better off. For every two-parent family where the mother is supplementing the income of the father by her own employment, there are hundreds of thousands of traditional families whose fathers' income is below that of the male parent in the two-parent income.

It is simply erroneous to say that one group of families is working out of economic necessity. What you have is two groups of families which have different priorities; one group of families which is choosing to make a financial sacrifice and to remain at a lower standard of living out of concern of the benefits for the children and what is best for those children.

It is extremely important to note that if you look at the income category of families with small children earning less than $15,000 a year, the largest single type of family in that group is mothers on welfare. The second-largest group of families under that income level are traditional families with two parents in the family, where the mother is voluntarily out of the work force to remain home and care for her own preschool children.

A sound child care policy should begin by looking at those families and addressing their needs rather than ignoring and excluding them.

I oppose the ABC bill because it funds bureaucrats and institutions. There is no guarantee under this bill that American parents would get even one penny of the funding.

I oppose the ABC bill because it restricts rather than expands parental options in day care. It is interesting when we look at these figures up here that none of your panelists—at least, those that I heard—happen to note that the State with the low regulation, Georgia, those Southern States, happen to have vastly more licensed day care slots per capita than do the States with higher forms of regulation.

I refer to the recent article in Child Care Review by David Pearson, which stated that the regulatory impositions of the ABC bill would eliminate over 800,000 day care slots across the United States, mostly in Southern States, where the majority of licensed day care is available in the United States, and would raise the cost of day care by $1.25 billion.

The second problem with the regulatory structure of this bill is that among those children that are using day care, seven out of eight of them are excluded from assistance. Those half of the children using day care are cared for by grandparents and relatives, they are excluded. Children in unlicensed day care centers—and I would disagree with what the previous witnesses said; we have a long history of the reasons why these women are unlicensed. You will not quickly move them into a regulated framework. All of the children in those unlicensed facilities, particularly those in infant care, are excluded from assistance, and those in profitmaking private sector day care centers are also excluded.

I think it is very unfair to tax the parents that are using those modes of day care in order to provide subsidies to the very, very small number of children who are using professional nonprofit day care centers of the sort that would be subsidized in this bill.

I also oppose the ABC bill because even with the revised wording provided by Congressman Kildee, it still discriminates against religious institutions. Some people believe that religion basically should be turned into a form of avocation and relegated to Sunday mornings in America and excluded from the rest of society. I trust that you, Senator, do not agree with that. But the ABC bill, even as revised, would exclude those day care centers from receiving grants which actively seek to provide religious values to children through Bible stories, through oral prayer, through hymns, and through audiovisual materials. Those religious day care centers would be forced to purge themselves or to compete against heavily subsidized secular facilities and thus be pushed into the shoulders and out of the market eventually. This policy would be especially regrettable with regard to the poor. We know that religious values are of overwhelming importance in helping poor children to escape from lives of deprivation.

If, for example, you compare the black teenagers in the inner city in the United States today, comparing those that have religious values with those of similar socioeconomic circumstance that do not have religious values, we find that those that have religious values are 40 percent less likely to drop out of high school, 50 percent less likely to engage in drug abuse, 50 percent less likely to engage in criminal activity.

Now, I would challenge you as a Senator, I challenge the entire Congress of the United States, to come up with one Government program or 100 Government programs that has that level of effectiveness in addressing the needs and lives of the poor.

I think we can all agree that if possible, we should not have a policy which makes it more difficult for parents to put children into a religious child care environment if they so desire, and we should not tax parents who wish to place children into a religious care setting in order to provide secular care for other children.

I think that in this discussion, the real problem facing American families with children has been missed. That real problem and the central problem is that families with children are overtaxed. Traditionally in the United States, we had a policy of supporting families with children and protecting them from excessive taxation.

For example, in the year 1950, a median family of four, two parents with two children, would have paid 2 percent of its income to the Federal Government in taxation. In the mid-1980s, that same family at median income would pay roughly 24 percent of its income to the Federal Government in taxation. In many cases, mothers with small children are being forced into the work place in order to compensate for the erosion of family income that has occurred particularly because of a growing tax burden upon families. And if we want to begin to assist families with children, we should go back to the pro-family tax policies which we had in the Fifties and early Sixties, by raising the personal exemption for children or by providing some sort of tax credit.

In order to address this need, I would recommend to your attention the "toddler tax credit" introduced by Congressman Schulze in the House. The "toddler tax credit" is designed not to assist traditional families where the mother remains at home, but rather, to give all parents with young children choices and options by raising their disposable income.

The "toddler tax credit" would provide $750 of direct tax cut for every child under the age of six within a family. it also provides for a substantial expansion of the refundable earned income tax credit for low-income families, up to $2,000 for a family earning $8,000 a year.

The tax cut would be phased in over a five-year period and during the first three years would cost no more than the ABC bill.

Under the "toddler tax credit", the parents are free to choose how they would use the funds. They make the decisions, they make the priorities, not the Congress of the United States. The funds could be used to enable the mother to work somewhat fewer hours per week. We know with regard particularly to infant care that it is very important to try to keep the mother with the child as many hours per week as possible. They could be used to pay for higher-quality day care or more day care if that was what the parents wished, or the funds could simply be used to raise the family's standard of living.

It is extremely important to recognize that even low-income families in the United States currently pay large taxes to the Federal Government. For example, a family of four earning $15,000 a year currently pays about 10 percent of the family's income in taxation to the Federal Government. Under the "toddler tax credit", that level of taxation would be cut to one percent.

In summation, what I would say is, as we look at the "toddler tax credit" and compare it with the ABC bill, we find that the "toddler tax credit" assists all children under the age of six with substantial tax reduction; the ABC bill assists no more than one child in 20, only those using professional nonprofit day care centers.

The "toddler tax credit" includes all families; it does not exclude certain groups, and it does not discriminate against traditional families where the mother is remaining at home to care for her own children. The ABC bill discriminates and ignores those families and treats them as if, as we heard earlier, they are an element of nostalgia, something from the past, something which I know that millions of American mothers find extremely offensive to be talked about and treated that way.

And third, the "toddler tax credit" funds parents directly and gives parents choices as to how to use that money. The ABC bill has the Congress of the United States to determine priorities and provides funding primarily to bureaucrats and institutions.

I recognize the good intent behind the ABC bill. I think it does seek to meet a need in the United States. But I think that we need a broader and more balanced approach to meeting the needs of families with children.

I thank you.

[The prepared statement of Mr. Rector follows:]

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THE AMERICAN FAMILY AND DAY-CARE

INTRODUCTION

Congress has found yet another "crisis" to solve. This time Congress contends that there is a critical shortage of day-care in the United States. To deal with this, Senator Christopher J. Dodd, a Connecticut Democrat, and Congressman Dale Kildee, a Michigan Democrat, have fashioned what they call the "Act for Better Child Care" or ABC bill (S. 1886 and H.R. 3660).

There is no clear evidence, however, that the premise of these bills is correct. To the contrary, there is no persistent shortage of day-care in the U.S. Day-care is one of the most rapidly growing industries in the economy. Over the last 25 years, the number of spaces for children in day-care centers has expanded at a rate of nearly 10 percent per annum. Occasional shortages are due largely to excessive regulation, not a lack of willing providers. By demanding stricter federal regulation, the Dodd-Kildee bill would reduce rather than expand the supply of day-care. The ABC bill would help bureaucrats and social service providers far more than families. The bill would provide day-care assistance to only one young child in ten. A majority of children under age five do not have mothers who are employed and therefore do not need day-care. And because the Dodd-Kildee proposals cover only "licensed" day-care providers, some 90 percent of providers would be ineligible for funding; three-quarters of the young children receiving day-care would be excluded from assistance.

Robbing the Poor. The ABC bill promotes a policy of "Robin Hood in reverse," taxing hard-pressed traditional single-earner families to provide subsidized day-care for affluent professional couples. Over 80 percent of young children using day-care come from affluent two-parent/two-earner families. The median income for these families is nearly 50 percent higher than for two-parent/single-earner families. These single-earner families would not benefit from ABC, but would pay higher taxes to fund the program.

Families with young children of course, do face a serious problem. This problem is not a lack of professional day-care but an erosion of family income due to a tax code that is

Note: Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

increasingly biased against dependent children. A genuine pro-children policy would focus on providing tax relief to families, rather than taxing them to provide subsidized day-care services to generally more affluent parents.

The "toddler tax credit" legislation soon to be introduced by Representative Richard Schulze, the Pennsylvania Republican, would be a step toward this goal. This legislation would provide a $750 tax cut to families for each child under age six and provide cash payments to low income working families who pay little taxes through an expansion of the earned income tax credit. Families would be free to use the added income for any purpose, including day-care. The ABC bill discriminates against families in which the mother, often at considerable financial sacrifice, remains at home to care for her own young children. The Schulze bill, on the other hand, provides equal help to all working families with young children.

DAY-CARE IN AMERICA

Proponents of the "day-care crisis" thesis maintain that traditional child rearing is a thing of the past and that nearly all mothers with young children are in the work force or soon will be. Thus, the argument goes, a massive increase in day-care services is needed and only the federal government is capable of financing it.

The facts speak otherwise. According to *Who's Minding the Kids?*, a 1987 Census Bureau report, only 45 percent of children under five have mothers in the work force.[1] Fewer than one child in three has a mother employed full-time, and fewer than one in five has a mother employed full-time throughout the year.[2] Even when the mother is employed, many families prefer to have the child cared for by grandparents, or other adult family members, rather than professional day-care providers. Nearly half of the young children whose mothers are employed are cared for by adult family members or relatives.

Refuting Conventional Wisdom. Thus far from being widespread, paid professional day-care of the kind envisioned in the Dodd-Kildee bill is used by only a small minority of American families. Overall, only one young child in three in the U.S. receives any form of paid day-care. No more than one in ten attends professional day-care centers of the sort that would be subsidized in the Dodd-Kildee bill.[3] (See appendix for further information on child care and children.)

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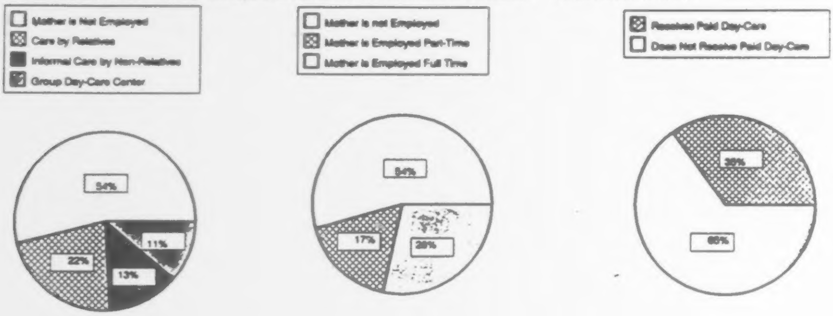
[1] Bureau of the Census, U.S. Department of Commerce, series p-70, No. 9, May 1987, *Who's Minding the Kids?* The data in this report are taken from a special census survey of childcare from December 1984 to March 1985.

[2] Estimated from Douglas J. Besharov and Michelle M. Dally, "One Policy for Working Moms Won't Fit All," *The Wall Street Journal*, October 29, 1986. Besharov's figures show that no more than 70 percent of full-time employed mothers with young children work full-time year round.

[3] Bureau of the Census, *op. cit.*

Conventional wisdom presumes that those using day-care generally are hard-pressed, low-income families. Again the facts speak otherwise. Some 83 percent of children under five in day-care are from two-parent/two-earner families.[4] The median income for such families in the U.S. is $38,346. The median income of a traditional two-parent family with one earner, on the other hand, is $25,803.[5] Not surprisingly, most of the benefits of the existing dependent care tax credit go to families with incomes over $30,000 per year.[6] In addition, when lower income families use day-care, normally they do not use professional group care facilities of the kind that would be subsidized in the ABC bill. They are more likely to use care by a relative or neighbor. Mothers in professional jobs are about three times more likely to put their children in professional group care than are mothers in blue collar or service worker jobs.[7]

PATTERNS OF CHILDCARE FOR CHILDREN UNDER FIVE



Heritage InfoChart

Source: See Appendix.

The Alleged Shortage of Day-Care

Another common myth about day-care is that providers are in chronically short supply. Allegedly there is a "market-failure" that prevents day-care from expanding to meet increases in demand. The fact is there is no evidence of economic bottlenecks in day-care supply. On the contrary, day-care is one of the fastest growing sectors in the economy.

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[4] *Ibid.*

[5] Douglas J. Besharov, "The ABC's of Child-care Politics," *The Wall Street Journal*, March 9, 1988.

[6] Committee on Ways and Means, U.S. House of Representatives, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means* (Washington, D.C.: Government Printing Office, 1984), p. 604.

[7] Bureau of the Census, *op. cit.*, p. 8.

Between 1960 and 1986, the number of children in formal group care centers skyrocketed by 1,500 percent from 141,000 to 2.1 million. The number of centers grew from 4,400 to 39,929. There are at least another 1.65 million unlicensed neighborhood day-care providers.[8]

Confirming that there is no material shortage of day-care is the price of that service. Were there shortages and constraints in the supply of day-care, prices would increase sharply. But in general the cost of day-care, measured in constant dollars, has stayed relatively unchanged for the past decade. While the cost of hiring a full-time sitter to care for a child in one's home has increased, the costs of "family day-care" providers and group care centers have remained constant or increased only slightly in real terms over the last ten years.[9]

Day-Care and Regulation

In the face of the hard evidence, why is there a perceived shortage of day care? For one thing, many day-care providers are subsidized or non-profit and charge less than the average market rate for their services. A great number of parents predictably seek the lower-priced services. The result: waiting lists.

For another thing, government regulation often prevents providers from serving parents. All states, for instance, require large-scale group day-care centers to be licensed. This may seem reasonable. But more than half of the states also regulate small neighborhood or what is known as "family day-care" providers caring for five children or fewer. In some states, if an adult cares for even one unrelated child outside the child's home the adult is judged to be operating a "day-care facility" and must obtain a license.[10]

Restricting Supply. In theory, these regulations are meant to protect children. In practice, they often are the product of an arbitrary bureaucracy and have little or nothing to do with the quality or safety of day-care. The major effect of zoning codes, building, and health regulations is, in many cases, to restrict supply. Most Americans would presume that a house or an apartment judged safe enough for a family to live in ought to be deemed suitable for a small day-care facility caring for five children or fewer.[11] But local regulators disagree. Often, building codes designed for restaurants and orphanages are applied to small neighborhood family day-care providers, forcing expensive structural changes that make it uneconomic to provide day-care services.

In Texas, for instance, neighborhood providers can be required to install three stainless-steel sinks and a vent over the stove. In California, family day-care homes have been required to install sprinkler systems and fire-retardant walls; one woman, seeking to expand enrollment in her six-child day-care home, was told that she would have to install separate bathrooms for boys and girls. And the bathrooms would have to be made large enough to accommodate wheelchairs.[12]

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[8] Susan Rose-Ackerman, "Unintended Consequences: Regulating the Quality of Subsidized Day-care," *Journal of Policy Analysis and Management*, Vol. 3, No. 1 (1983), p. 15. Sandra L. Hofferth and Deborah A. Phillips, "Child Care in the United States, 1970 to 1995," *Journal of Family and Marriage*, August 1987, p. 565.

[9] Sandra L. Hofferth, statement before the select committee on Children, Youth and Families, July 1987, p. 9.

[10] Karen Lehrman and Jana Pace, "Day-care Regulation: Serving Children or Bureaucrats?". *Cato Policy Analysis* No. 59, September 25, 1985.

[11] It is important to note that for small day-care providers with gross annual revenues between $5,000 and $10,000, one or two "minor" regulatory demands can be financially ruinous.

In state after state, day-care providers have been cited for absurd or bizarre regulatory abuses. Among them:

◆ During the licensing process, one day-care provider was asked to assess the center's "vulnerability to terrorist attacks."

◆ A center was required to develop "lesson plans" for toddlers, detailing all activities for the entire day in ten-minute intervals.

◆ Following an inspection, one provider received a state reprimand form stipulating that "all dolls should be clothed during business hours."

◆ In an annual licensing examination, a fire inspector required one day-care provider to rehang a door to open outward. The next year, another inspector required that the door open inward. In the third year, yet another inspector demanded that the door be rehung to open outward. Complying with each demand, of course, required expensive carpentry.

◆ A building inspector required a day-care center to erect a six-feet high, 900-feet-long fence around its property to protect the children. Later that year, another inspector demanded that the fence be lowered to four feet to make the environment more "home-like."[13]

Preferring Neighborhood Women. In the face of such costly and arbitrary red tape, most family day-care providers take the simplest course: they operate without a license in the so-called underground market. The result: as many as 95 percent of the nation's 1.75 million neighborhood providers are unlicensed and unregulated.[14] Moreover, unlicensed day-care provided by women well known within their neighborhoods often is preferred by parents because it is less impersonal, less expensive, and more convenient

Advocates of institutional care for years have argued that unlicensed neighborhood providers are unsafe and need stricter government regulation. Yet there is no systematic evidence that day-care by unlicensed providers is in general less safe and less healthy than care in large regulated day-care centers. Indeed, the evidence suggests the opposite. Nationally publicized cases of alleged sexual abuse in day-care, such as those involving the West Point Daycare Center and the McMartin School in California, have occurred in large

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12 Lehrman and Pace, *op. cit.*

13 From "Red Tape Blues," *Childcare Information Exchange*, September 1987.

14 Lehrman and Pace, *op. cit.*

fully regulated day-care centers. The National Child Care study shows that smaller "family day-care" providers are more attentive to children's emotional needs than are larger group centers.

The most significant threat to the health of young children in day-care is the spread of contagious diseases. Smaller, generally unlicensed, neighborhood facilities pose less threat than do large, regulated facilities. Dr. Stephen Hadler of the Centers for Disease Control explains that larger centers place more children in contact with each other, thereby increasing the chances of contracting serious infectious diseases. Says Hadler: "The larger the center or the longer the hours, the greater the chance [of infectious disease occurring]."[15]

Undermining Children's Health. Research on day-care and disease suggests that children under age two should be placed in facilities caring for six or fewer children. Policies as those proposed in the ABC bill, which would tighten the net of day-care regulations, driving many small scale providers out of business, and which would subsidize primarily large professional day-care centers, would undermine the health of American children.

State governments, of course, have responsibilities regarding day-care. State legislators for example, should work to ensure that persons who pose health risks to children and persons with criminal backgrounds are barred from day-care. And state lawmakers should prune the current thicket of unnecessary regulations imposed on day-care providers. However, adding a new layer of federal day-care regulations to existing state and local rules, as proposed by the ABC bill, is unnecessary and counterproductive.

PROVISIONS OF THE ABC BILL

The ABC bill runs counter to day-care experience and evidence. The objectives of the proposal are to reduce the cost of day-care, to raise the pay of day-care workers, to improve quality, and to expand supply. In reality, the bill would reduce day-care supply and quality while raising its price, and provide subsidies to those who need them least.

The bill authorizes $2.5 billion in new federal day-care spending. Even its proponents admit this is merely a tip of a future iceberg of government day-care spending. Dr. Edward F. Zigler, of the Yale University Bush Center in Child Development and Social Policy, one of the nation's most eminent authorities on pre-school programs, estimates that a comprehensive program of quality professional child care would cost between $75 billion and $100 billion a year.[16]

Swallowing $2.5 Billion. Rather than giving the $2.5 billion directly to needy families, enabling them to purchase day-care, the ABC bill proposes a "trickle-down" strategy, filtering the funds through multiple layers of expensive federal and state bureaucracy in order ultimately to subsidize government-selected day-care centers at the local level. Even when the funds actually reach local day-care centers, there is nothing to prevent them from being swallowed up by increased salaries and supervisory costs.

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[15] Thomas E. Ricks, "Researchers Say Day-care Centers are Implicated in Spread of Disease," *The Wall Street Journal*, September 5, 1984.

[16] Edward F. Zigler, "A Solution to the Nation's Child Care Crisis: The School of the Twenty-First Century." Speech presented at the tenth anniversary of the Bush Center in Child Development and Social Policy, September 18, 1987.

At the federal level, the bill would create a "National Advisory Committee on Child Care Standards" and an "Office of the Administrator of Child Care" in the Department of Health and Human Services. A new bureaucracy would allocate monies among states, monitor and approve state "comprehensive day-care plans," and enforce extensive new federal regulations. At the state level, an array of governmental and quasi-governmental organizations would be created and sustained by taxpayer funds. These would include 100 permanent day-care commissions mandated in the legislation, new day-care planning offices, day-care referral agencies, day-care inspectors and regulators, and a new national network of training centers for day-care providers.

To be eligible for funding, each state would have to comply with new federal regulations and provide 20 percent matching funds. States would not be required to provide federal funds to all day-care providers, only to selected institutions. Which organizations receive such aid surely will be determined in great part by local bureaucratic politics.

A New Federal Regulatory Empire

The bill would set "minimum" federal standards and regulations in day-care. Each state accepting ABC funds would be required to enforce these federal regulations. The state would be allowed to retain its own regulations only to the extent that they were more stringent than the corresponding federal standards. Each state, moreover, would be required to hold all its day-care providers to federal standards, not simply those receiving federal funds. Thus the bill would attempt to bring all 1.65 million informal, unlicensed neighborhood providers, as well as the nearly 40,000 group care centers, under federal control.

Boosting Costs Per Child. All day-care personnel, including neighborhood providers, would be forced to receive at least two days "training" each year in government-authorized training centers. All states would have to set maximum child/staff ratios for group care centers equal to the current nationwide median child/staff standards. Thus in half of the states, day-care centers would be required to raise existing staff levels, immediately sharply boosting cost per child enrolled.

"Minimum" federal day-care standards also would be developed by the new National Advisory Committee on Child Care Standards. Two-thirds of the members of this body would be selected by Congress and one-third by the President. These minimum standards would establish additional child/staff ratio requirements, more stringent educational and training qualifications for all day-care workers nationwide, and additional health and building safety regulations. The Committee also could establish federal curriculum requirements for day-care, although the bill does not require that it do so.[17]

THE LIKELY EFFECTS OF ABC

An obvious solution to alleged day-care shortages would be to give families money to purchase more or better quality day-care for their children. Day-care providers then could respond to increased demand by expanding and improving their services. Parents would be free to choose the day-care providers who best met family needs.

Instead of this, the Dodd-Kildee bill would fund bureaucrats and day-care professionals rather than families. Yet bitter experience demonstrates that bureaucratic subsidization of services is the least efficient means of meeting public needs. Example: Public housing units cost 40 percent more to construct than comparable private sector units and often begin to fall apart within a few months after completion.

While the ABC bill contains a minor provision allowing states to provide day-care vouchers, which would stimulate consumer choice, no state is required to provide vouchers. Vouchers are mentioned in only two paragraphs of the 63-page bill. In practice, little if any of the ABC funding would reach parents in the form of vouchers.

Why does the ABC bill fund institutions rather than parents? The answer makes sense only in Washington's hothouse world of making policy. Parents have no clout on Capitol Hill; by contrast, those who would be funded by the Dodd-Kildee legislation – bureaucrats, planners, consultants, regulators, trainers, and state service providers – are represented on Capitol Hill by a well-organized army of lobbyists.

Cost, Quality, and Supply

Total nationwide spending on day-care, both public and private, is about $15 billion per year. The ABC would increase this spending by about 20 percent. But because of its increased regulation and "trickle-down" funding, the ABC bill is likely to raise costs and restrict the supply of day-care rather than increase it, at least among licensed providers.

Nor is it likely that the regulations will raise the quality of care. Higher staff/child ratios would raise costs dramatically. But the 1979 National Day-care Study commissioned by the Department of Health, Education and Welfare found very little correlation between staff/child ratios and quality.[18] Operators of day-care centers in California point out that state credentialing rules, requiring day-care workers to have completed college course work in child development, significantly raise salary costs while barring many competent and caring persons from employment — nearly all mothers and grandmothers are deemed unfit to work in day-care centers.

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[17] The ABC bill is structured to ratchet in future regulatory expansion. In one bizarre provision, the bill allows states to increase day-care regulations, but once a new state regulation was in effect, the state government would be barred permanently from making it less stringent, even if the regulation exceeded federal standards and was found to be counterproductive. Similarly, once the initial federal regulations were promulgated, the Department of Health and Human Services would be barred permanently from making any regulation less severe – but the Department would be permitted, year after year, to make the standards stricter.

[18] Lehrman and Pace, *op. cit.*, p. 4.

Benefits Few Children

The 54 percent of children under five whose mothers do not work would receive no benefits from the Dodd-Kildee proposal. Even among those children who receive day-care, only a small number would receive assistance through ABC. Funds that trickled down through the bureaucratic labyrinth would be channeled primarily toward professional group care centers. Children who receive care from relatives or from the millions of unlicensed neighborhood providers would be ineligible for assistance; together these two groups comprise roughly 75 percent of all young children in day-care.[19] Overall, no more than one young child in ten would be likely to receive subsidized care under the ABC plan.

Reverse Robin Hood

The Dodd-Kildee bill would take from the poor to give to the wealthy. Over 80 percent of day-care users are two-parent/two-earner families. Two-parent/two-earner families have a median income which is nearly 50 percent higher than the income of traditional two-parent/single-earner families. Under ABC, traditional two-parent/single-earner families would be taxed to provide day-care subsidies for more affluent families with two earners.

Though children of needy single working mothers also would receive subsidized care, they are only a small percentage of the children using day-care. Moreover, the median income of single mothers who work full time is $21,958 per annum. After adjustment for differences in family size, this is only slightly less than the median income of two parent/single-earner families, which would receive no benefits.

True, the ABC bill does attempt to ensure that subsidized care goes only to families with incomes below 115 percent of the state median for families of comparable size. But such a limit would include many families with high incomes. In California, for instance, a family of four with an income of $41,656 would be eligible; in Maryland the limit would be $46,063; in New Jersey, $46,929. Moreover, two-earner families with incomes above the 115 percent threshold already receive billions of dollars in day-care subsidies through the current day-care tax credit.

While ABC proponents make pronouncements about aiding low income families, the bill would not require that any specific percentage of its funds to be targeted to low income families. The bill does not even require states to report the portion of ABC funds that actually reach low income beneficiaries.

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[19] Bureau of the Census, *op. cit.*

The Assault on Religion

Section 20 of the bill states that a day-dare center in a religious institution which receives any ABC funding, either directly or through vouchers, is prohibited from providing any religious influence on the children in its care. This means that children could not say grace over their milk and cookies. In any room used for day-care within such an institution, religious pictures and images would have to be turned to the wall or covered with sheets to hide them from children's eyes. Any teacher or teacher's aide at a religious school would be barred from working in or assisting on an unpaid basis in a care center located in the school. Religious day-care centers receiving funds would be barred from favoring members of their own faith when hiring child-care workers. And all religious day-care centers, even those which refused federal funding, would be subject to federal regulations concerning the educational and professional qualifications of day-care staff, child/staff ratios, and possibly curriculum.

The effect of these provisions would be to "sanitize" church-run day-care centers of their religious content. Centers that refused to be fully secularized would be denied federal assistance, and thus placed at a substantial economic disadvantage and forced to play a gradually smaller role in the child care market.

Heavy Tax Burden. The long run picture is even worse. The backers of ABC explicitly envision government-subsidized day-care as the principal form of child care in the near future. Parents who wished their children to be raised in a religious environment would be barred from government assistance while being forced to bear a heavy tax burden to support a nationwide system of secularized day-care of the children of other parents.

Even if the extremely offensive provisions of section 20 were struck from the bill, the impact would differ little, since federal programs must comply with the prevailing Supreme Court view of the separation of church and state. According to this view, restrictions on religious activity are inherently linked to any federal subsidy. Example: The Department of Housing and Urban Development recently barred religious services in Salvation Army shelters for the homeless which received partial HUD funding. Similar restrictions have not yet been imposed on religious institutions receiving Head Start and Title XX day-care funds only because no litigation has yet been instituted. With the massive funding available under ABC, cases would not be long in coming.

Any program of direct subsidization of day-care, or even the provision of day-care vouchers, ultimately will restrict the activities of religious day-care centers. Such a program will tend to force religious institutions to abandon the day-care field by placing them at an economic disadvantage.

Penalizing the Inner City. Church-run centers in the inner city would be the greatest victims of this no-religion policy, an ironic result given Dodd-Kildee's professed aim of helping the poor. While early childhood development strategies touted in the ABC plan are seldom of enduring benefit to disadvantaged children, religious institutions and the strong moral values they inculcate have an unchallengeable record in helping inner city youth escape from drug addiction, illiteracy, and poverty.[20]

REDEFINING THE DAY-CARE ISSUE

Even if the Dodd-Kildee proposal worked exactly as its proponents contend, it still would be bad public policy. Families with young children currently use four different methods to care for their children: care by the mother; care by relatives; care by informal neighborhood providers; and care in professional group care facilities. Toward these four, government policy should take a neutral position, allowing parents to choose the approach they prefer. Uncle Sam should not subsidize one mode of child-care to the detriment of the others. In particular, policy should not discriminate economically against families in which a child is cared for by its mother or relatives.[21]

Federal policy already discriminates against traditional families where the mother is not employed; ABC would introduce further discrimination. Through tax credits and direct outlays, the federal government provides between $5 billion and $6 billion in financial support to families with children using day-care. Nearly 40 percent of the cost of day-care nationwide is financed by the federal government.[22] ABC would provide an additional $2.5 billion in federal spending plus a half billion dollars in matching state funds. The federal government already provides roughly twice as much financial assistance to each young child in a two-parent family using day-care, through tax exemptions and credits, as it does to a young child in a traditional two-parent family where the mother remains at home – despite the fact that traditional families in general have lower incomes.[23] If the ABC bill passed, this ratio would rise to three to one.

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[20] Richard B. Freeman, "Who Escapes? The Relation of Churchgoing and Other Background Factors to the Socio-economic Performance of Black Male Youths From Inner-city Poverty Tracts," in Richard B. Freeman and Harry J. Holzer, eds., *The Black Youth Employment Crisis* (Chicago: University of Chicago Press, 1986).

[21] This is especially true since there is evidence that care by a mother is best for the physical health and psychological development of small children. Young children in day-care are much more likely to contract serious infectious diseases such as hepatitis, cytomegalovirus, and haemophilus influenza type b (HIB), a bacteria that can cause pneumonia and lethal meningitis. Dr. Jay Belsky, a leading authority on child development, warns that separating an infant from its mother may cause "insecure attachment" to the mother, disrupting the child's emotional development and leading to aggressive and uncooperative behavior in later years. This does not mean that parents should rush to abandon day-care, but it does call into question any government policy that deliberately discriminates against mothers at home while subsidizing the entry of mothers with young children into the labor force. See Jay Belsky, "Infant Day Care: A Cause for Concern?" *Zero to Three*, September 1986.

[22] Federal government outlays and tax expenditures on day-care are estimated to be between $5 billion and $6 billion. Total spending on day-care from public and private sources is approximately $14 billion to $15 billion. Bureau of the Census, *op. cit.*, p. 2 and unpublished HHS data.

The Real Problem: Families are Over-taxed

American families do face significant policy-related problems in trying to raise their children. The most important problem is a tax code biased strongly against children. In 1948, a family of four at the median income level would have paid 1 percent of its income to the federal government; in 1984, the same family would have had to pay 17.5 percent. Eugene Steuerle, a Treasury Department tax specialist, notes that between 1960 and 1984 the average tax rate for single persons and married couples with no children did not increase, but for a married couple with two children it climbed 43 percent; for a family with four children, tax-rates increased 233 percent.[24]

The major cause of this growing anti-family distortion of the tax code has been the eroding value of the personal exemption. In 1948, a personal exemption of $600 equalled 42 percent of average personal, per capita income, which was then $1,434. Over the following 35 years, the personal exemption lagged far behind as incomes rose and inflation soared. While the 1986 tax reform is raising the value of the exemption to $2,000, this only partially offsets the erosion suffered since the 1940s. To have the same value relative to income it held in 1948, today's personal exemption would have to be raised to $6,468. Many women with young children now enter the work force when they would prefer not to because their family income has been eroded by excessive taxation.

CRAFTING A PRO-FAMILY POLICY

A policy designed to support the American family would begin not by subsidizing families that use professional day-care while further taxing families that choose other child care methods. Instead, policy would reduce the present oppressive tax burden on families with children. Such a policy would be based on six principles:

1) **Tax relief or financial support for all families with young children.** This policy would not discriminate economically against families where the mother remains home to care for her own children. Families where children are cared for by a mother, a grandmother, or a day-care center should all be treated equally.

2) **Financial resources directly for families with children** instead of funding for bureaucrats and social service professionals.

3) **Tax reduction for middle income families and grants for lower income families** who pay little or no taxes. Any grant system must foster self-support rather than dependency.

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[23] Families with children in day-care benefit both from a personal exemption for each child and the dependent care tax credit. Families that do not use day-care benefit only from the personal exemption. The average value claimed for the dependent care credit is $409 per return. The tax reduction from the personal exemption is approximately $400.

[24] Alan C. Carlson, "What Happened to the Family Wage?" *The Public Interest*, Spring 1986, pp. 11-12.

4) Use of the added income in any manner chosen by the family. This could be to offset the loss of income when a mother stays at home, to allow a mother to work less, or to pay for additional day-care.

5) No federal regulation of day-care and no restrictions on the type of day-care that the family could purchase with the tax rebates or funds provided. Funds could be used for day-care by a relative, an unlicensed neighborhood provider, or a professional day-care center.

6) The greatest relative support for working class and low-income families.

The starting point of a pro-family policy would be to restore the value of the personal exemption for young children back to the relative level that existed in the 1950s. Low income, working families with children, currently paying little or no taxes, would receive cash assistance through an expansion of the Earned Income Tax Credit. The EITC is a wage supplement which pays benefits as a fixed percentage of earned income. In traditional welfare programs, benefits are linked to negative behaviors, such as out-of-wedlock births, prolonged unemployment, and marital disintegration. The EITC operates in the opposite manner: it rewards socially constructive behavior, promoting responsibility, work, and family stability. Only individuals who work receive EITC payments. In traditional welfare programs, the more an individual works, the more his benefits are reduced. With the EITC, benefits are increased the more the recipient works.[25]

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[25] Ironically, the day-care bills (S.1678/S.1679) introduced by Senator Orrin Hatch, the Utah Republican, violate all the principles of a true pro-family policy. Senator Hatch accepts the premise that there is a critical shortage of day-care and that the proper response is bureaucratic subsidization of the industry; the Hatch proposal is basically a scaled-down version of the ABC plan. Senator Hatch would provide $875 million in subsidies to day-care centers over three years. Like the ABC bill, the Hatch plan lays the foundation for future massive government subsidization and regulation of day-care. As compensation for families that do not use day-care, the Hatch bills would offer an additional personal exemption for six months for mothers who remain at home with a new-born infant and an expanded Individual Retirement Account (IRA) for homemakers. The Hatch proposal violates the principles of a true pro-family policy in the following ways. First, rather than rectifying the existing bias in policy against traditional two-parent/single-earner families, the Hatch bills would intensify it. The assistance provided to the average family using professional day-care would be far greater than the assistance provided to the average traditional family. By establishing separate programs for families using day-care and for traditional families, the Hatch proposal invites future discrimination against traditional families. Second, while the Hatch bills do not call for federal regulation of day-care, they would promote expanded state regulation, including professional credentialling of day-care providers. Hatch funds would go only to licensed facilities; thus, as in the ABC bill, no more than one young child in ten would benefit. Third, the Hatch bills practice "Robin Hood in reverse." The bulk of benefits would go to upper-income/two-earner families; low-income traditional families would be taxed to pay for subsidized day-care for more affluent families. When they do use day-care, low-income families are unlikely to use the professional group care centers subsidized by the Hatch plan. Fourth, a major portion of the Hatch funding goes to bureaucrats and professional service providers rather than families and children. Fifth, by subsidizing only regulated day-care centers, the Hatch plan establishes the principle that the government, rather than parents, should determine what type of care is best for children. A true pro-family policy would provided added revenue directly to families and allow them to spend it as they see fit.

The Toddler Tax Credit

Pro-family principles are embodied in the "toddler tax credit" soon to be introduced in the House by Representative Schulze of Pennsylvania. His bill would provide a $750 direct tax credit to families for each child under six; this is roughly equivalent to raising the personal exemption for young children to $6,000.[26] In addition, the Earned Income Tax Credit would be expanded for low income families with young children.

The Schulze bill would:

1) **Provide families with incomes over $13,000 a tax credit of $750** for each child under age six to be applied against federal income and social security taxes. If the value of total tax credits exceeded tax liabilities, the balance would be refunded in cash.

2) **Provide families with incomes below $8,000 per annum** a cash refundable "earned income tax credit for young children" (EITC/YC). This EITC/YC would provide a wage supplement of $15 for each $100 earned by the parent for the first child under age six in the family. For each additional child under age six in the family, a wage supplement of $10 for each $100 earned would be paid. Thus a family with two young children earning $8,000 would receive $2,000.

3) **Reduce for families with incomes between $8,000 and $13,000** the EITC/YC rate incrementally from 15 percent for the first child under six and 10 percent for each additional child to 5.75 percent per child.

4) **Replace the existing dependent care tax credit** for children under six with the "toddler tax credit." For children over six the existing dependent care credit would be continued.

5) **Limit eligibility for the EITC/YC to families with working parents.** Families in the Aid to Families with Dependent Children program would not be eligible for the EITC/YC. AFDC families would continue to be eligible for direct government payments for day-care up to $160 per child per month.

Approximately 18 million young children would be eligible for tax relief or cash assistance under the Schulze bill. The program would be phased in over a five-year period. During the first three years, federal outlays under the Schulze plan would be about $300 million per annum compared to $2.5 billion under the ABC plan. The Schulze plan would provide approximately $2.2 billion per annum in tax cuts for families with young children during the first three years. By the fifth year, tax relief for American families under the Schulze proposal would exceed $7 billion per annum. After the fifth year both the tax credit and the income levels used in determining the EITC/YC payments would be indexed against inflation. Overall, the policy would help remove the anti-child bias in the tax code.

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[26] The $750 per child tax credit is equivalent to raising the personal exemption upward by $3,000 to $5,000 depending on the family's tax bracket. Families who receive the $750 per child tax credit or EITC/YC payments would continue to be able to claim a personal exemption of $2,000 for each child as well. Thus the Schulze policy overall is roughly equivalent to raising the personal exemption to $6,000 per child for the average family.

CONCLUSION

Most women will spend many years in the paid labor force. The choice of whether a mother, particularly a mother with young children, should or should not be employed must be made by each family. The government should not bias that choice through its outlays and tax code. The government does bias that choice as long as it taxes families in which a mother remains with her children — to provide subsidized day-care to families where the mother is employed. Similarly, in families where the mother is employed, the choice as to what type of day-care is most appropriate should be made by the family, and not by government bureaucrats.

Eliminating the Anti-Child Bias. The Dodd-Kildee ABC bill discriminates against families where the mother makes an economic sacrifice to remain at home and care for her children; by contrast, the "toddler tax credit" treats all families with young children equally. The ABC plan funds bureaucrats and social service professionals; the toddler tax credit funds families and children. The ABC bill would assist, indirectly, no more than one child in ten; the toddler tax credit would assist directly all working families with young children.

The ABC bill would create a new social welfare bureaucracy but would do little to aid families with children. A true pro-family policy would begin by eliminating the anti-family/anti-child bias that has crept into the federal tax code over the last three decades. Such a policy would strengthen families by recognizing that American parents, not federal bureaucrats, are best able to determine how money should be spent to meet their family needs.

Robert Rector
Policy Analyst

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APPENDIX
Mother's Employement and Types of Childcare for American Children

Table 1 Young Children whose Mothers are Employed by Age Group (numbers in thousands)

Age of Child	Children with Employed Mothers	Total Children in Age Group	Percent with Emloyed Mothers
Under Age One	1,385	3,683	37.6%
One and Two Year Olds	3,267	7,084	46.1%
Three and Four Year Olds	3,516	7,158	49.1%
Total: Under Age Five	8,168	17,925	45.5%

Table 2 Children Under Five and Mother's Employment Status (numbers in thousands)

Employment Status	Children Under Five	Percent of All Children Under Five
Mother is Not Employed	9,757	54.4%
Mother is Employed Part-time	3,108	17.3%
Mother is Employed Full-time	5,060	28.2%

Sources for Tables 1 and 2: The Bureau of the Census, U.S. Dept. of Commerce, "Who's Minding the Kids?" *Household Economic Studies*, Series P-70, No.9, May 1987. Data for this census report were collected through a day-care survey conducted between December 1984 and March 1985. Numbers on total children in specific age groups are for January 1985: data provided by the Bureau of the Census.

Table 3 Type of Day-care Arrangement: Children Under Five

Type of Child Care	Number of Children in Each Type of Care	Total Children Under Five	Percentage of Children in Each Type of Care
Mother is not Employed: Care by Mother	9,759	17,925	54.4%
Mother is Employed: Care by Relative	3,920	17,925	21.8%
Mother is Employed: Informal Care by a Non-relative	2,298	17,925	12.8%
Mother is Employed: Care in Group Day-care Facility	1,948	17,925	10.9%

Sources: Same as Tables 1 and 2.

Senator DODD. Mr. Mattox.

Mr. MATTOX. Mr. Chairman, I want to commend you for holding this hearing on child care, and I want to express to you my appreciation for the opportunity to participate in this discussion.

As you know, the current push for child care legislation is largely a response to a significant increase in the labor force participation of mothers during the last two decades. While there is no question that this increase has been profound, the oft-cited statistic that 65 percent of all mothers now participate in the civilian labor force does not tell the whole story.

For example, contrary to popular belief, there are quite a few employed mothers who do not use, desire, or need some type of substitute child care arrangement. According to a recent Census Bureau study, 7 percent of all preschool children have what I call "tag team parents", who work different shifts and share child-rearing responsibilities.

Another 4 percent have what I call "double-time mothers"—women who care for their child while they babysit other children or earn income in some other way.

Thus, when you add these children to the 54 percent who have full-time stay-at-home mothers, the primary child care arrangement for 65 percent of all preschool children is care by one or both parents.

When one considers that another 11 percent are cared for by grandmothers or other relatives, it becomes even more evident that most Americans prefer to keep child care in the family.

Many day care advocates content enrollment would be higher if not for a shortage of affordable, high-quality programs. When they lament this purported shortage, what day care advocates are really saying is that parents cannot afford such care, for if a demand, backed by dollars, really existed, the marketplace would undoubtedly respond to this supply shortage sooner than one could say "Government program".

Thus, enhancing the economic vitality of America's families should be the focal point of any Government effort to address child care problems.

There are basically two approaches the Federal Government can take to reduce the economic constraints on America's families. The Federal Government can: (1) decrease family expenses by offering free or subsidized child care services, or (2) increase the disposable income of families by reducing taxes or offering cash benefits to help parents bear the cost of raising children.

The first option is embodied in a number of major child care bills now pending before Congress, most notably your bill, the Act for Better Child Care.

However noble the goals of these bills might be, they all suffer from a fundamental problem that is seemingly unavoidable when the Federal Government attempts to provide child care services. They invariably limit parental choices by favoring certain child care arrangements over others.

Under ABC and other grant parents, parents must place their children in a State-approved, Government-funded day care program or receive no Federal benefit. Families that prefer noncovered options not only receive no direct benefit, but their tax dollars are used to subsidize the child care costs of other, often wealthier, parents.

And barring a massive overnight transformation of child care preferences, the victims of this discriminatory bill would be numerous, especially in low-income neighborhoods where there is a heavy reliance on grandmother- and church-run care.

While efforts to reduce family expenses through a Government-subsidized child care system do not hold promise, attempts to increase family income through targeted tax relief or cash benefits can offer real financial assistance to families without usurping parental responsibility for making child care decisions.

Several current legislative proposals, including a bill introduced by Congressman Dick Schulze and one sponsored by Congressman Clyde Hollaway and Senator Malcolm Wallop, offer parents a significant tax credit. Importantly, these bills do not discriminate against any child care arrangement. If families want to use their tax credit to purchase child care outside the home, they are free to do so. If instead they want to use their tax credit to offset the opportunity cost parents pay to care for their own children, they are free to do so as well.

In other words, these bills establish a nondiscriminatory level playing field on which parents can freely choose how to best care for their children.

One of the greatest virtues of the universal child care tax credit proposals is that rather than taxing parents more to offer them some "free" Government benefit, these proposals tax parents less so that families can keep more of their own earned income to pay for child care; and the credit gives the Government far more bang for its buck than a child care grant program provides.

For example, one of every four dollars called for in the ABC bill is eaten up in administrative and training costs. Under a universal child care credit, every dollar flows directly to parents.

Although a universal child care tax credit would make much better use of finite resources, some critics argue that this approach offers no guarantee that parents would use their tax rebate for child care purposes. While it is at least conceivable that this could happen, a free society should be willing to take such a risk. After all, unless the Government imposes a 100 percent tax rate for all taxpayers, there will always be a risk that some citizens will use their own money in ways that Uncle Sam does not like.

Proponents of the universal child care tax credit believe extending tax relief to mothers who care for children at home corrects a serious inequity in the current tax code. But there are some who question the appropriateness of this extension since stay-at-home mothers, quote, "do not work". This is a rather curious argument, for if child care involves no work, why do employed mothers pay substitute caregivers? Obviously, maternal child care is a productive activity.

Nevertheless, some detractors argue stay-at-home mothers should be denied Government benefits because they do not pay for child care and because they, quote, "get" to stay at home with their children, while employed mothers, quote, "have to" work outside the home to help their families make ends meet.

Not only do these arguments overlook the significant economic opportunity cost that mothers pay to stay home with their children; they perpetuate the myth that most mothers at home are living on easy street. In 1986, the median income for a traditional two-parent, one-income family was $25,803—a figure substantially below the median income for two-earner families which, as Robert indicated earlier, is in excess of $38,000 a year.

And then there are others who, like Michael Kinsley of The New Republic, argue that instead of discriminating against mothers at home, the tax code actually discriminates against mothers who use their after-tax earnings to pay for child care services. Using this logic, people who hire housekeepers, butlers, gardeners, interior decorators, and chauffeurs would also have to be considered victims of discrimination because they use their after-tax earnings to purchase services which other people provide "free" for themselves.

Quite naturally, discrimination against stay-at-home mothers disturbs traditionalists. But there are a growing number of feminists concerned about this discrimination as well. In her latest book, The Second Stage, Betty Freidan writes, "We should move for some very simple aids that make it possible for mothers or fathers who want to stay home and take care of their own children to do so, with some economic compensation that might make the difference."

In the absence of such economic support, it seems likely that involuntary maternal employment will continue to rise. And while some feminists might be tempted to view any increase in maternal employment as a sign of "progress", there are others who recognize that women have not been truly liberated if mothers who would prefer to be at home raising children have no choice but to work outside the home.

Indeed, one of the most interesting developments in recent years has been the increased interest in mothering on the part of many die-hard feminists. One Ms. Magazine reader recently launched a support group called Formerly Employed Mothers at Loose Ends, or FEMALE, which is designed to help women who have temporarily stepped off the career path to care for their own children at home. These women do not fit the June Cleaver mold of the perpetual stay-at-home mother. Instead, they are following in the footsteps of women like Sandra Day O'Connor and Jeane Kirkpatrick by pursuing a "sequencing" strategy to reach career and family goals. "Sequencers", according to author Arlene Cordozo, "do it all, but not all at once—they integrate it all into a whole lifetime."

I have yet to understand why ABC proponents, particularly those who embrace the concept of parental leave, are willing to permit such blatant discrimination against parents who care for their own children. Indeed, I have yet to figure out how one can simultaneously support both ABC and the Parental Leave Bill now pending before the Senate. If Congress passed both the Dodd-Specter parental leave bill and the Dodd-Kildee child care bill, then the Federal Government would be simultaneously urging parents to take leave from their jobs to care for their children while offering child care benefits only to those who refused such leave and enrolled their children in a Government-funded day care program.

The increased labor force participation of mothers has spurred a great deal of concern about the care of children in our society. While this concern is right and appropriate, the relevant question from a public policy standpoint is not so much who will care for the children as who will decide who cares for the children. Will parents, or will the State?

Since different child care arrangements affect different children differently, and since different parents have different preferences and convictions about how to best care for a child, it seems clear that the overriding principle that should guide Federal child care policy is this: Let parents decide.

First, let parents decide how to organize their lives—whether to pursue a one-earner lifestyle, a two-career lifestyle, or some combination of the two.

Second, if mothers must work or choose to work outside the home, let the parents decide what type of child care service to select.

Mr. Chairman, thank you once again for allowing me to testify before your Subcommittee. I would be pleased to answer any questions that you may have at this time.

[The prepared statement of Mr. Mattox follows:]

Family Research Council
of America, Inc.

WRITTEN TESTIMONY PRESENTED BEFORE
THE SUBCOMMITTEE ON CHILDREN, FAMILIES, DRUGS & ALCOHOLISM
UNITED STATES SENATE

By: William R. Mattox, Jr.
Director of Public Policy
Family Research Council of America, Inc.

June 28, 1988

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WRITTEN TESTIMONY OF WILLIAM R. MATTOX, JR.
DIRECTOR OF PUBLIC POLICY
FAMILY RESEARCH COUNCIL OF AMERICA, INC.

MR. CHAIRMAN, I want to commend you for holding this hearing on child care, and I want to express to you my appreciation for the opportunity to participate in this discussion.

As you know, the current push for child care legislation is largely a response to a significant increase in the labor force participation of mothers during the last two decades. While there is no question that this increase has been profound, the oft-cited statistic that 65 percent of all mothers now participate in the civilian labor force does not tell the whole story.

For example, recent data from the Bureau of Labor Statistics reveals that nearly one-third of all employed mothers work part-time (some for as much as 34 hours a week year-round, others for as little as a few hours a week during the Christmas season). In addition, many of those considered full-time workers do not work full time throughout the year. In fact, a recent study found that only 29 percent of all married mothers work full time year-round.

These statistics do not belie the fact that there has been a significant increase in the number of mothers working outside the home; they merely point out that many mothers are combining part-time work with homemaking and that even more are devoting themselves full-time to child-rearing, particularly when their children are of preschool age.

In fact, more women with children under six stay home with children full-time (43%) than work outside the home full-time (34%). And since mothers with several children are less likely to be employed, more than half (54%) of the 17 million children under the age of five are cared for by their own mothers at home. This fact is often obscured in data on child care arrangements because most analyses only measure children of employed mothers rather than all children.

Contrary to popular belief, there are quite a few employed mothers who do not use, desire, or need some type of substitute child care arrangement. According to a recent Census Bureau study, seven percent of all preschool children have "tag-team parents" who work different shifts and share child-rearing responsibilities. And another four percent have "doubletime mothers" who care for their child while they babysit other children or earn income in some other way.

Thus, the primary child care arrangement for 65 percent of all preschool children is care by one or both parents. When one considers that another 11 percent are cared for by grandmothers or other relatives, it becomes even more evident that most Americans prefer to keep child care "in the family."

While the commitment to child care by family members remains strong, the number of children cared for by non-relatives has risen steadily in recent years. Currently, 10 percent of all children under five are cared for in informal home-based "family" day care programs. Another 3 percent have personal babysitters, and 11 percent attend day care centers.

Many day care advocates contend enrollment would be higher if not for a shortage of affordable, high quality programs. When they lament this purported shortage, what day care advocates are really saying is that parents cannot afford such care. For if a "demand" backed by dollars really existed, the marketplace would undoubtedly respond to this supply shortage sooner than one could say "government program."

While there is research which suggests that some parents would enroll their children in group care if it were more affordable, there is also data showing that some mothers who use day care would stay at home with their preschool children if not for severe economic constraints. In other words, alleviating financial pressures on families with children would undoubtedly spur some movement in both directions.

Thus, enhancing the economic vitality of America's families should be the focal point of any government effort to address child care problems. By alleviating family financial pressures, public policymakers make it easier for parents to choose the child care arrangement that best meets the particular needs of each child.

AS EASY AS A-B-C?

There are basically two approaches the federal government can take to reduce the economic constraints on America's families. The federal government can either: (1) decrease family expenses by offering free or subsidized child care services; or (2) increase the disposable income of families by reducing taxes or offering cash benefits to help parents bear the cost of raising children.

The first option is embodied in a number of major child care bills now pending before Congress, most notably Senator Dodd's legislation, the Act for Better Childcare (ABC). However noble the goals of these bills might be, they all suffer from a fundamental problem that is seemingly unavoidable when the federal government attempts to provide child care services: they invariably limit parental choices by favoring certain child care arrangements over others.

Under ABC and other grant programs, parents must place their children in a state-approved, government-funded day care program or receive no federal benefit. Families that prefer non-covered options not only receive no direct benefit, but their tax dollars are used to subsidize the child care costs of other, often wealthier, parents. (Families making as much as $46,000 in some states are eligible for benefits under ABC.)

Rather than giving parents the freedom to select the type of child care arrangement that best suits the particular needs of their children, federal grant programs subtly coerce families into making certain choices by discriminating against child care options that do not easily lend themselves to government intervention and control.

And barring a massive overnight transformation of child care preferences, the victims of this discriminatory bill would be numerous. All children in some form of care by a family member would be excluded from federal benefit. As it was noted earlier, this group currently includes three of every four children. In addition, children cared for by babysitters or unlicensed neighbors would be left out in the cold. And any child who participates in a day care center run by a religious institution would be categorically denied benefits under the ABC Bill (unless the center covers or removes all religious symbols).

While the victims of this discrimination cut across class lines, the ABC Bill would have an especially deleterious effect on low-income families since so many of them utilize relatives and church-run centers for substitute care. Indeed, government-funded day care programs place private child care arrangements at a competitive disadvantage and threaten to drive some of them -- particularly informal home-based arrangements -- completely out of business. This is disturbing not just because many parents prefer to have their child cared for by a neighbor or babysitter but also because these informal, unlicensed arrangements often provide better care than that given in licensed day care centers.

A BETTER IDEA

While efforts to reduce family expenses through a government-subsidized child care system do not hold promise, attempts to increase family income through targeted tax relief or cash benefits can offer real financial assistance to families without usurping parental responsibility for making child care decisions.

There are several different ways to accomplish these objectives. One is to significantly increase the dependent tax exemption. This idea, which has long been a favorite of Senator D. Patrick Moynihan and other liberals, is embodied in legislation introduced by Congressman Phil Crane, an Illinois conservative.

Crane's initiative (H.R. 4219) would increase the current $1,900 dependent exemption to $5,000 for preschoolers and $4,000 for school-age children. While raising the dependent exemption is one good way to attack the current problem, it is not the best way to direct tax relief to families that need help most. Since exemptions reduce taxable income instead of tax liability, they are more advantageous to taxpayers in high tax brackets than those in low brackets. Tax credits, conversely, offer greater relief to families in low brackets because credits are subtracted after tax liability is figured.

Several current legislative proposals, including a bill introduced by Congressman Dick Schulze (H.R. 4434) and one sponsored by Congressman Clyde Holloway and Senator Malcolm Wallop (H.R. 3944/S. 2187), offer parents a significant tax credit. Importantly, these bills do not discriminate against any child care arrangement. If families want to use their tax credit to purchase child care outside the home, they are free to do so. If instead they want to use their tax credit to offset the "opportunity cost" parents pay to care for their own children, they are free to do so as well. In other words, these bills establish a non-discriminatory "level playing field" on which parents can freely choose how to best care for their children.

In this respect, the universal tax credit proposals differ not only from ABC and other child care grant programs, but they also differ from the child care credit found in the current tax code. The current credit, which allows employed parents to write off a portion of their child care expenses, offers no assistance to families that care for their own children. Moreover, since the size of the current credit is tied to child care expenses, upper-income taxpayers tend to benefit more than lower-income taxpayers. For example, in 1984 families making less than $10,000 received an average credit of $247, while families earning $200,000 or more received an average credit of $528.

The Schulze and Holloway-Wallop proposals extend the current child care tax credit to all parents by eliminating the provision which ties the credit to child care expenses. Under these new proposals, parents would receive a fixed amount for child care purposes, irrespective of how they choose to care for their children.

The more ambitious Schulze bill would offer a flat $750 per child credit to all parents of preschoolers (phased in over a five-year period beginning in 1989). The less costly Holloway bill would provide a variable credit which begins at $400 for low-income taxpayers and gradually goes down as income rises.

While both the Schultz and Holloway-Wallop Bills represent a significant improvement over current law, the best way to help financially-strapped parents gain greater freedom in making child care decisions would be to combine the sliding income scale feature of the Holloway-Wallop bill with the generosity of the Schulze bill.

Both of these measures contain two other features that make good sense. Both eliminate the current credit's two-child limit so that children in large families are not discriminated against. And both make the credit refundable up to the amount of one's payroll tax contribution so that low-income taxpayers who have little income tax liability can still benefit.

Unfortunately, the Holloway-Wallop bill fails to index the credit to protect if from future rises in inflation. And both bills fail to adequately address children of grade school age. The Holloway-Wallop Bill eliminates any child care tax credit for school-age children, while the Schulze Bill leaves intact the current credit for children over age six. This current credit enables families that place school-age children in some sort of after-school program to write off a portion of their expenses, but it offers nothing to parents that care for their own children. Clearly, the credit for school-age children should be universalized just as the credit for preschool children should be universalized. Of course, since after school care is considerably less expensive (in both dollars and opportunity cost) than preschool care, the credit for grade-school children need not be extravagant.

DOLLARS AND CENTS

One of the greatest virtues of the universal child care tax credit proposals is that rather than taxing parents more to offer them some "free" government benefit, these proposals tax parents less so that families can keep more of their own earned income to pay for child care.

Accordingly, the "cost" of this reform is not a direct budget outlay of taxpayer funds. Instead, the "cost" of the universal credit is measured in lost revenues to the government. The Holloway-Wallop bill reduces government revenues $800 million; the Schulze bill drops federal income about $8 billion.

Either way, the credit gives the government far more bang for its buck than a child care grant program provides. For example, one of every four dollars called for in the ABC bill is eaten up in administrative and training costs. Under a universal child care credit, every dollar flows directly to parents. Not a dime is wasted paying government bureaucrats to administer a new program.

This makes good sense in both the short and long run because advocates of government grant programs (like ABC) acknowledge the cost of such programs would rise exponentially in the years ahead. In fact, Edward Zigler of Yale estimates that a high quality, comprehensive government child care program would cost between $75 billion and $100 billion a year.

Although a universal child care tax credit would make much better use of finite resources, some critics argue that this apporach offers no guarantee that parents would use their tax rebate for child care purposes. While it is at least conceivable that this could happen, a free society should be willing to take such a risk. After all, unless the government imposes a 100 percent tax rate for all taxpayers, there will always be a risk that some citizens will use their own money in ways Uncle Sam does not like.

SHOULD ALL MOMS BENEFIT?

Proponents of a universal child care tax credit believe extending tax relief to mothers who care for children at home corrects a serious inequity in the current tax code. But there are some who question the appropriateness of this extension since stay-at-home mothers "do not work." This is a rather curious argument, for if child care involves no work, why do employed mothers pay substitute caretakers? Obviously, maternal child care is a productive activity.

Nevertheless, some detractors argue stay-at-home mothers should be denied government benefits because they do not pay for child care and because they "get" to stay home with their children while many employed mothers "have" to work outside the home to help their families make ends meet.

Not only do these arguments overlook the significant economic "opportunity cost" that mothers pay to stay at home with their children, but they perpetuate the myth that most mothers at home are living on Easy Street. In 1986, the median income for "traditional" two-parent, one-income families was $25,803 -- a figure substantially below the median income for two-earner families ($38,346). In fact, contrary to popular opinion, two-parent families with a single breadwinner do not fare significantly better than single parent families headed by a mother employed full time. In 1986, the median income for single moms employed full time was $21,958, and 24 percent had incomes exceeding the median for "traditional" families.

And then there are others who, like Michael Kinsley of the New Republic, argue that instead of discriminating against mothers at home, the tax code actually discriminates against mothers who use their after-tax earnings to pay for child care services. Using this logic, people who hire housekeepers, butlers, gardeners, interior decorators, and chauffeurs would also have to be considered victims of discrimination because they use their after-tax earnings to purchase services which other people provide "free" for themselves. Surely Kinsley and his followers would not support special tax breaks for people who hire chauffeurs, would they?

Whatever else might be said about families with a mother at home, it seems clear that these families are every bit as deserving of federal tax relief as other households. If two-earner families making more than $200,000 a year can claim an average child care tax credit of $528, surely two-parent, one-income families making $25,000 should receive at least as much.

Quite naturally, discrimination against stay-at-home mothers disturbs traditionalists. But there are a growing number of feminists concerned about this discrimination as well. In her latest book, The Second Stage, Betty Freidan writes, "We should move for some very simple aids that make it possible for mothers (or fathers) who want to stay home and take care of their own children to do so, with some economic compensation that might make the difference."

In the absence of such economic support, it seems likely that involuntary maternal employment will continue to rise. And while some feminists might be tempted to view any increase in maternal employment as a sign of "progress," there are others who recognize that women have not been truly liberated if mothers who would prefer to be at home raising children have no choice but to work outside the home.

Indeed, one of the most interesting developments in recent years has been the increased interest in mothering on the part of die-hard feminists. One Ms. magazine reader recently launched a support group called Formerly Employed Mothers At Loose Ends (or F.E.M.A.L.E.) which is designed to help women who have temporarily stepped off the career path to care for their children at home. These women do not fit the June Cleaver mold of the perpetual stay-at-home mother. Instead, they are following in the footsteps of women like Sandra Day O'Conner and Jeane Kirkpatrick by pursuing a "sequencing" strategy to reach career and family goals. "Sequencers," according to author Arlene Rossen Cordozo, "do it all, but not all at once -- they integrate it all into a whole lifetime."

I have yet to understand why ABC proponents -- particularly those who embrace the concept of parental leave -- are willing to permit such blatant discrimination against parents who care for their own children. Indeed, I have yet to figure out how one can simultaneously support both ABC and the parental leave bill now pending before the Senate. If Congress passed both the Dodd-Specter parental leave bill and the Dodd-Kildee child care bill, then the federal government would be simultaneously urging parents to take leave from their jobs to care for their children while offering child care benefits only to those who refused such leave and enrolled their children in a government-funded day care program.

THE BOTTOM LINE

The increased labor force participation of mothers has spurred a great deal of concern about the care of children in our society. While this concern is right and appropriate, the relevant question from a public policy standpoint is not so much "Who will care for the children?" as it is "Who will decide who cares for the children?" Will parents? Or will the state? When all is said and done, that is what the current child care debate is really all about.

Since different child care arrangements affect different children differently, and since different parents have different preferences and convictions about how to best care for a child, it seems clear that the overriding principle that should guide federal child care policy is this: let parents decide.

First, let parents decide how to organize their lives -- whether to pursue a traditional, one-earner lifestyle, a two-career lifestyle, or some combination of the two. Second, if mothers must work or choose to work outside the home, let the parents decide what type of child care service to select.

While economic assistance is needed to give parents greater freedom in making child care choices, proposals which seek to reduce family expenses by granting free or subsidized government day care services invariably limit parental choices by favoring certain child care arrangements over others. Consequently, government efforts should seek to increase the disposable income of America's parents through an universalized child care tax credit. In this way, parents can choose for themselves how to best care for their children.

MR. CHAIRMAN, thank you once again for allowing me to testify before your subcommittee. I would be pleased to answer any questions that you may have at this time.

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Senator DODD. Thank you both for being here this morning—this afternoon, now. I appreciate your testimony and your ringing endorsement of this legislation.

Let me ask you—I was trying to brief myself briefly here on the Schulze proposal. As I understand it, there is no income cap eligibility. In other words, anybody, regardless of income, would qualify for the Schulze "toddler tax credit" proposal; is that correct?

Mr. RECTOR. That's right. But that's not a major consequence of the bill; I mean, that's not a major theme of the bill.

Senator DODD. But the point is that anyone, whether it is $100,000, $200,000, and $300,000 a year, would qualify.

Mr. MATTOX. And that is no different, of course, from the current child care tax credit insofar as working mothers are concerned.

Senator DODD. That's right. My point to you is that with that kind if income disparity—of course, if you also under the Schulze legislation as proposed took any kind of welfare assistance at all, then you would lose your eligibility for both the earned income tax credit as well as the toddler tax credit.

Mr. RECTOR. No. You would continue to get the earned income tax credit as it presently exists. The way it was designed with regard to welfare mothers was to kind of give them a boost as soon as they got directly off of AFDC. When they get off of AFDC, all of a sudden they get kind of a booster payment of a substantial increase in the earned income tax credit. The idea there was to provide a sort of inducement.

Senator DODD. Well, the analysis we have received on it says that in fact you would be disqualified from receiving it.

Mr. RECTOR. That's a mistake.

Senator DODD. Doesn't that create economic disparity there between the affluent and the poor—rather than what you have testified to, and that is that it is the lower-paid worker subsidizing the higher-paid worker.

Mr. RECTOR. The bill does not intend to take the earned income tax credit as it currently exists away from mothers on welfare. If it does that, it is a mistake in the wording of the bill.

It does intend to provide mothers of welfare, when they leave the welfare population and become self-sufficient, with an inducement to becoming self-sufficient through a really very large expansion of the earned income tax credit, which would, among other things, help to cover things like the Medicaid transition gap and so forth and so on. If you have two children under this bill, two young children, and you are earning four dollars an hour and working full-time, the bill would provide $2,000 in cash payments, which is not an insubstantial amount of money. And I think that it actually could go higher in future years.

Senator DODD. What is the revenue loss of that proposal, totally?

Mr. RECTOR. The revenue loss in the first three years is roughly $3 billion a year. In the fifth year, in 1993, it is between $8 and $9 billion a year.

Senator DODD. Eight and nine billion—that would be in addition to the present dependent child care tax credits that we have, or is this supplemental?

Mr. RECTOR. In the fourth year of the bill, it phases out the dependent care tax credit. So that would be in addition to the existing——

Senator DODD. And that's around $4 billion presently?

Mr. RECTOR. Yes.

Senator DODD. So it would be roughly $6 or $7 billion in the first two years, and——

Mr. RECTOR. No. The tax revenue loss is $3 billion in the first year, and the net tax revenue loss in the fifth year is $8 to $9 billion.

Senator DODD. But my point is, you don't get rid of the dependent child care tax credit in the first two years; isn't that what you just said?

Mr. RECTOR. Yes, but irrespective——

Senator DODD. So it would be in addition to that. And that is around $4 billion a year.

Mr. RECTOR. Yes. That tax expenditure would continue to exist, and in addition——

Senator DODD. Which is roughly $4 billion a year right now.

Mr. RECTOR. Right.

Senator DODD. So the total combined is about $7 billion in the first two years; is that correct?

Mr. RECTOR. Yes. It is $7 billion in tax expenditure, of which about $3 billion would be new tax expenditure.

Senator DODD. I presume you follow this place fairly closely; I don't know whether you know of anybody who honestly believes there is any likelihood that you are going to find either the Ways and Means Committee or the Finance Committee willing to support—even if you wanted to support the substance of that—realistically, politically, the idea that that is going anywhere—do you know of anyone?

Mr. RECTOR. I would disagree with that. I think that you will find a bill similar to this very soon will be introduced by Senator Domenici. The revenue loss in 1993 is one-half of one percent of total Federal revenue, and for the Congress of the United States to tell American parents that they can't afford that, when almost every——

Senator DODD. I would make the same case to you, Mr. Rector, that with a far less costly feature, we can do a lot more, in fact, rather than putting it in areas where it is less likely.

Let me ask you something else on the standards issue. Again, the question of choice in standards depriving parents of opportunities—and again, this cuts across the spectrum; Ed Zigler advises people on the conservatives as well as liberals and is seen as someone who is knowledgeable in the area of early childhood development. And you can go on with a long list of people who are not seen as political one way or the other. And yet without exception this entire collection of experts in the country who run from one coast to the other all agree and come to the conclusion that that early childhood development, the kind of standards we are talking about, the ratios we are talking about, are essential.

You also, I presume, don't argue with the factual conclusions when it comes to ratios and class sizes and parental involvement under existing schemes as they exist in the States is totally lacking in those areas.

Now, why should a committee—with all due respect; I appreciate your being a policy analyst, but I don't know what your credentials are in the area of early childhood development that you would take issue with what is, I think, arguably some of the best collection of evidence we can get on early childhood development.

Mr. RECTOR. I think there are three questions there, really. I was fascinated—one of the things I do as a public policy analyst is to read historic documents—and it is true, I am not an expert in child development—I was fascinated at one of your previous witnesses quoting the national day care study that was done in the early 1980s, and one of the small points that she managed to miss and omit in her testimony was that one of the prominent recommendations of that study was that the previous Federal regulations concerning staff-child ratios for toddlers was that those regulations were too severe and that the relationship of the staff-child ratio was not nearly as fixed as we had thought it was in the early 1970s, and therefore it recommended lessening those standards.

This is not quantum mechanics, and there is no hard science here. There are really three questions with regard to regulation. The first is what level of Government should be doing the regulation; the second is what regulations are applicable to day care centers taking care of more than six children, and what is the benefit cost of those regulations; and the third issue is what regulatory framework should you have for small family day care providers, of which there are over 1.5 million, most of whom consist of one mother at home with one of her own children, taking care of one or two other children.

The pertinent question with regard to this bill is what is the economic impact of the regulatory standards proposed in the bill. And what I think is particularly frightening is that the bill has now been on the board for six months; I have not seen out of the proponents of this bill one paragraph of analysis of what these child-staff ratios the bill would impose would do to the availability of day care in various States around the country.

Senator DODD. You may have heard already, we have had witnesses where you have seen standards established where, contrary to the conclusion that this would drive people underground, in fact, you heard in my own State of Connecticut they have gone from 2,000 to 4,000 in the last couple of months alone, the applications going up.

Now, in those States where you have what I am sure you would consider to be overly stringent standards, certainly far beyond anything we are suggesting in this legislation, the experience has been that they would in fact draw people out, that if they are promoted, that if there is a proper educational program, you see far more people participating.

Mr. RECTOR. That was, in all deference to your witness, one of the most extreme cases of non-information I ever heard. The simple fact of the matter is, I would refer you to an article by the editor of Child Care Review magazine, the spring issue of that magazine, which discusses the regulatory impact. The reality is that you do have a trade-off between the height of regulation, the stringency of regulation, and the availability of day care. Those States that have the so-called "low and deplorable" standards happen to have far, far more day care slots per capita than does Connecticut or any of the States with higher day care standards. That is simply a reality.

Now, in every State, what the legislature is doing is grappling with that trade-off, but you can't dismiss the trade-off. It does exist, and it is pertinent. Your bill proposes to raise quality and expand availability and raise day care salaries, and so forth and so on. You are really squaring the circle.

There are trades to be made here. And another particularly important aspect of this that has again been neglected in the testimony today is that in raising those regulatory standards, particularly in the Southern States, where 42 percent of all the licensed day care in the United States is in those States, those with the lower standards, and that is not an accident——

Senator DODD. Alabama doesn't have low standards.

Mr. RECTOR. But Georgia, Texas and Florida do.

Senator DODD. But you are indicting the entire South. Some of those States are doing tremendously well.

Mr. RECTOR. Okay. But basically, there is a kind of geographic breakdown to this.

Senator DODD. No, there is not, in fact. That's the point in the analysis.

Mr. RECTOR. All right. The States with the lower standards have a substantial share of the day care. Now, according to the analysis by Mr. Pearson in Child Care Review, what he found was that mainly in those States, that there would be some 20,000 centers driven out of operation and close to one million children displaced. But because of the funding mechanism of the bill, which does not allow funding to flow to over half of the day care centers in the United States, to those profitmaking private sector day care providers, those centers would be put out of business by having their cost of service raised. They would be put in competition with heavily-subsidized nonprofit centers that would grow up——

Senator DODD. That exists already. I mean, your argument earlier on church-based programs, nonprofit ones, that is for people to make choices. They have the right to make the choice.

Mr. RECTOR. What I am saying is the evidence that we have, at least the analysis we have, would say that at best the impact of your bill in the South would be to displace over one million children from one day care setting to another day care setting. And I can't see why that would be a particularly desirable outcome.

Senator DODD. I think your assumption is fallacious to begin with.

Let me ask you about the church issue. Do you really believe that the Supreme Court would uphold the Constitutionality of a bill that allowed a Federally funded—at least in part Federally-funded or subsidized—child care facility to teach religious training in it?

Mr. RECTOR. No, not with a direct subsidy. That's why I believe that you can cut the Gordian knot of that question and avoid this religious entanglement issue.

Senator Dodd. Well, how do you deal with the problem of trying to provide assistance? You obviously know the average cost of child care per child is running $3,000 to $4,000 per year per child. Now, even with your tax break idea, with people struggling to makes ends meet, where you don't argue, I presume, with two out of every three women are either the sole providers of their families or have husbands who earn less than $15,000, that even with your expansive tax credit idea, that you are going to even come close to meeting that cost.

Now, if you don't provide some sort of subsidy, I don't know how you ever expect these people to ever pay the cost of child care—let alone answer the fundamental question, which I assume you have taken for years, and that is people ought to get off welfare and stop working.

And yet you have heard over and over again, and I presume you don't argue with the data, that one of the major problems people on welfare face is that they don't have any child care for their children. How do you square that circle?

Mr. Rector. I would argue with that data very strongly. If I could, the point on the Gordian knot of the religious entanglement is that if you provide one dollar—one dollar of subsidy to day care is one dollar of subsidy——

Senator Dodd. But you are cutting off that choice for people. Why shouldn't a poor person make the choice if they want to go to a religious-based day car facility?

Mr. Rector. Why shouldn't they make that choice? That is precisely my point.

Senator Dodd. Well, they're going to need help financially to do it.

Mr. Rector. That's right. And a tax cut approach or a voucher approach, but particularly a tax cut approach, avoids the religious entanglement issue and does enable that poor family to make that choice. A direct grant approach, putting the same amount of money by direct grants into the center is not only economically efficient by any public administration study I have ever seen, but does bring about the religious entanglement question. You can avoid that question by providing the funding directly to parents and allowing parents to make that choice. That is the answer to your question about the Supreme Court. And that would be permissible, according to every interpretation of the First Amendment that I have ever seen.

Now, with regard to mothers on welfare, there is a lot of loose talk based on virtually no studies, most of which have not been read by the people who are talking about them, indicating that a predominant reason that women on welfare do not work is a lack of day care.

I would simply suggest that when, particularly there was a reference to a GAO study and another study in Washington State, that when reference is made to those studies, that you should actually read what the study said itself and what the questionnaire said, because it does not say what the advocates are purporting that it says.

What we do have is a long body of somewhat dated, but nonetheless extremely rigorous, experimental literature from the Seattle-

Denver Income Maintenance Experiment and the Gary, Indiana Income Maintenance Experiment, as well as from the MDRC experiments on Work Fare—all of which indicate that an absence of child care is not a predominant reason for blocking women on welfare from going to work.

For example, in the Gary, Indiana experiment, low-income women and women on welfare were provided with free day care services, and what they found was that in the experimental setting, there was virtually no increase in utilization. Also, all three of those studies——

Senator DODD. Well, do you think women on welfare ought to get off welfare and go to work?

Mr. RECTOR. I think when you are talking about women on welfare, you are caught on the horns of a dilemma.

Senator DODD. Shouldn't they go to work?

Mr. RECTOR. Yes, I agree that they should——

Senator DODD. Now, why should they—and yet you get up in the upper incomes, and you want them to stay home—isn't that inconsistent, and don't you think those mothers ought to be caring for their children at home as well?

Mr. RECTOR. I'll explain that. I think that you can make a very strong argument that mothers on welfare with children under age three should not be required to work or should be required to participate somewhat fewer hours because of the vital importance that we recognize of the mother being with the child.

When you are talking about mothers on welfare, you are talking about two opposing goods. You are talking on the one hand about the positive benefit that comes from a mother being with the child; on the other hand, you are talking about the debilitating effects on the mother and the child of long-term welfare dependence. So this is somewhat of a unique situation.

Now, we recognize that half of the women on AFDC today will be on AFDC over 11 years. That means that in those families of which there are roughly two millions, that the children brought up in those families will spend most of their formative years inside a family environment and often inside a neighborhood in which there is no direct experience and no role model of a working adult. That is extremely debilitating to those children in the long term. And we know as a consequence of that that when those children become adults, when compared to children of similar socioeconomic circumstance who were not on the welfare system, that they will be disadvantaged.

There is also the fact that mothers on welfare are being solely supported by millions of tax-paying families, which is a different question from reducing the taxes of families that are contributing to the fiscal purse.

But I think that the question of welfare dependency is really the more important one.

I would also suggest that under no circumstances do I think that under any of the current legislation, either the House or the Senate legislation, that significant numbers of mothers on welfare will, now or in the near future, be required to work or do anything significant.

Senator Dodd. Well, thank you very much. I thank both of you for being here this morning. It helps to have your testimony. I know that may sound like it is facetious, but I am not being facetious—it does, because you bring up points that others do not, and I am grateful to you for that.

It has been a little long here this morning. I apologize to all our witnesses and those who have been patient to sit through this today.

There may be some additional questions for both of you from the other Members of the Committee, and I would appreciate your response to them, if you could.

But until further call of the Chair, this Subcommittee will stand adjourned.

[Whereupon, at 2:15 p.m., the Subcommittee was adjourned.]

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